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IN THE

Supreme Court of the United States

OCTOBER TERM, 1967

No. 1360

AMERICAN CYANAMID COMPANY, *Petitioner*

v.

NOPCO CHEMICAL COMPANY, *Respondent*

PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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AMERICAN CYANAMID COMPANY, *Petitioner*

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PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

Petitioner prays that a writ of certiorari issue to review the judgment of the United States Court of Appeals for the Fourth Circuit, entered in the above entitled case on January 11, 1968.[1]

CITATIONS TO OPINIONS BELOW

The opinion of the District Court is reported at 268 F. Supp. 506 (W.D.Va. 1967) and is printed in Ap-

[1] Pursuant to a Notice under Rule 21(b) served February 16, 1968, Petitioner has omitted Quality Feeds, Inc., co-appellee below, as having no interest in the outcome of the petition.

pendix B hereto, *infra,* p. 24a. The opinion of the Circuit Court of Appeals is reported at 388 F.2d 818 (4 Cir. 1968) and is printed in Appendix B hereto, *infra,* p. 19a.

JURISDICTION

The judgment of the Court of Appeals was entered on January 11, 1968, p. 19a, *infra.* The jurisdiction of this Court is invoked under 28 U.S.C. Section 1254(1). An Application For Extension of Time To File The Petition For Certiorari was filed on April 9, 1968. Grounds for the application were that the civil disturbance in Washington the previous week had made the final revision and printing by April 10 impossible. The Application was granted by the Chief Justice April 9, extending to and including April 24, 1968.

QUESTIONS PRESENTED

Does the decision of this Court in *Fourco Glass Co.* v. *Transmirra Products Corp.,* 353 U.S. 222 (1957) prevent the lower Federal courts from following the rationale of *Pure Oil Co.* v. *Suarez,* 384 U.S. 202 (1966) in determining the applicability of the November 2, 1966 amendment of the Federal venue statutes to patent infringement actions?

Petitioner says, "It does not."

But, if so, should not this Court now free the lower Federal courts from this constraint in order to carry out the plain language and plainly stated intent of the 1966 amendment and to provide a sounder scope of patent venue both in policy and in law?

Petitioner says, "It should."

STATUTES INVOLVED

The statutory provisions here involved are:

Title 28 United States Code

§ 1391 VENUE GENERALLY

. . .

(b) A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, or in which the claim arose, except as otherwise provided by law.

§ 1400 PATENTS AND COPYRIGHTS

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where defendant has committed acts of infringement and has a regular and established place of business.

§ 1391(b) was last amended in 1966. § 1400(b) was codified as a statement of existing law when Title 28 was revised and enacted into positive law in 1948. Both sections are reproduced as adopted in 1948 in Appendix A, *infra,* p. 11a, together with their predecessor sections, dating back to the first Judiciary Act of 1789, and with pertinent extracts from legislative history and a contemporary treatise.

STATEMENT OF THE CASE

Petitioner Cyanamid is the owner of United States Letters Patent No. 2619420. This patent covers a discovery by Dr. Thomas H. Jukes that the growth of young animals may be spectacularly improved by the inclusion of very small amounts of an antibiotic, chlortetracycline, in their regular feed. Cyanamid currently markets animal feed supplements for use in practicing the invention of this patent.

Nopco recently commenced the manufacture and sale of chlortetracycline-containing animal feed supplements which Cyanamid charges infringe the Jukes patent. One of Nopco's customers is Quality Feeds, Inc. of Broadway, Virginia. Quality Feeds purchases the Nopco supplement known as "CTC 50" and adds it to feed in the ratio of about 1 or 2 parts of supplement in 1000 parts of its whole feed product. Quality sells the resultant whole feed, now containing 100 or 200 grams of chlortetracycline per ton, to poultry farmers who feed it to whole flocks.

One issue is whether infringement is complete before the supplement is added to the feed. Cyanamid therefore filed suit against both Nopco and Quality Feeds in the Charlottesville, Virginia Federal Court on December 14, 1966. Service was made on Nopco, a New Jersey Corporation, by the Clerk of the State Corporation Commission of Virginia.

Nopco subsequently moved to dismiss the complaint as to it on the basis of improper venue. In his opinion Judge Michie found that Nopco had several salesmen who sell within Virginia although none live there and the orders are subject to acceptance at the Nopco home office in Newark, New Jersey. Furthermore, there is resident in Charlottesville a Regional Sales Manager, who supervises a ten state area and maintains an office in a portion of his basement. Judge Michie held and the Court of Appeals affirmed, that these activities do not constitute a regular and established place of business pursuant to 28 U.S.C. § 1400(b). Petitioner does not here contest these holdings.

In its briefs before the District Court and Court of Appeals, Nopco urged that it had committed no acts of infringement within the Western District of Virginia as its supplement was made and orders for it ac-

cepted outside the state. This did not meet the proposition that Nopco's salesmen who concededly called on Quality Feeds regularly in Virginia were inducing infringement there, but the issue was not reached by either Court below because each found venue in the Western District of Virginia improper as to Nopco on other grounds. See *infra*, p. 19a (footnote 1) and p. 26a. Should this Court grant this petition and decide in favor of petitioner, then the lower courts will reach the issue they have avoided. That is to say, they will have to decide whether the Western District of Virginia is a district "in which the claim [of infringement against Nopco] arose" under the rubric of 28 U.S.C. § 1391(b) which is the same issue as whether that District is a district where Nopco "has committed acts of infringement" under the rubric of 28 U.S.C. § 1400(b).

REASONS FOR GRANTING THE WRIT

There are three reasons why this Court should grant this petition:

1. The Court below gave excessive weight to the literal statement of this Court in *Schnell* v. *Peter Eckrich & Sons,* 365 U.S. 260, 262 (1961) that 28 U.S.C. § 1400(b) is "the sole and exclusive provision controlling venue in patent infringement actions" and thus brought itself squarely in conflict with two recent District Court decisions and with the *actual* state of the law said by this Court to have been codified in the section in question.

2. The plain words of 28 U.S.C. § 1391(b), as amended in November 1966, make its terms applicable to patent actions and the Judicial Conference which sponsored the amendment, the Attorney General who supported it, and the reports of both Houses of Con-

gress which passed it state categorically that it is intended to apply to *all* civil actions. The decision below does violence to the statutory language and thwarts the stated intention.

3. At no time has the Congress ever enacted a special patent venue applicable to the defendants which was *narrower* than that currently in force for general Federal question civil actions, and no sound reasons can be advanced why patent venue should be thus narrower. On the contrary, broad venue provisions, giving a wider play to the transfer power conferred on the district courts by 28 U.S.C. § 1404, could do much to reduce the notorious forum shopping tactics characteristic of patent litigation.

We proceed to demonstrate the soundness of each of these arguments fully, but concisely, below.

REASON I: The Court below gave excessive weight to the literal statement of this Court in Schnell v. Peter Eckrich & Sons, 365 U.S. 260, 262 (1961) that 28 U.S.C. § 1400(b) is "the sole and exclusive provision controlling venue in patent infringement actions" and thus brought itself squarely in conflict with two recent District Court decisions and with the actual state of the law said by this Court to have been codified in the section in question.

The relevant history of patent venue in this Court begins with *Stonite Co.* v. *Melvin Lloyd Co.*, 315 U.S. 561 (1942). This decision dealt with the interplay, if any, between §§ 48, 51 and 52 of the Judicial Code which had been enacted by the Act of March 3, 1911, c 231, 36 Stat. 1100-1101. These sections correspond essentially to §§ 1400(b), 1391(b) and 1392(a) of the revised Judicial Code enacted into positive law as Title 28 of the United States Code in 1948. *Stonite* was found to be controlling in the interpretation of the

revised Judicial Code of 1948 and, in particular, of the interplay between §§ 1400(b) and 1391(c) of that revision by a majority of this Court in *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957).

Apparently the controlling nature of *Stonite* was accepted not only by the Court but by counsel for both parties in *Fourco,* as Mr. Justice Whittaker observed at 353 U.S. 225 that, "the soundness of the *Stonite* case is not here assailed * * *." For the purpose of this Reason I this observation may be accepted here *arguendo.* However, when we take up Reason III, we will, we think, demonstrate that the soundness of *Stonite* is more aptly likened to the Scriptural house built upon the sands than to one founded on rock.

To support Reason I it is sufficient to show that, by the weight of authority, at no time has 28 U.S.C. § 1400(b) or its predecessor, § 48 of the Judicial Code of 1911, been "the sole and exclusive provision controlling venue in patent infringement actions". Had this literally been a correct statement, then no action for patent infringement could have been maintained against an alien, whether corporate or individual, even though that alien were fully subject to valid service of process in the United States, unless it had acquired "a regular and established place of business within the United States." But this anomaly was recognized, and a patent infringement action permitted to be maintained against an alien in a district of which it was not "an inhabitant", but in which it was duly served while the 1911 Code was in effect in *Sandusky Foundry & Machine Co.* v. *De Lavaud,* 251 Fed. 631 (N.D. Ohio 1918). This result was endorsed by the Revisers of the 1948 Judicial Code by their citation of the *Sandusky* cases in the notes to 28 U.S.C. § 1391(d).

Recently, the specific question of the proper venue for aliens sued for patent infringement in the United States under the 1948 Code has been recognized in the Eastern District of Virginia and in the Southern District of New York to be governed by 28 U.S.C. § 1391 (d) and not 28 U.S.C. § 1400(b). *Olin Mathieson Chem. Corp.* v. *Molins Organizations Ltd.*, 261 F. Supp. 436 (E.D. Va. 1966) and *Chas. Pfizer & Co.* v. *Laboratori Pro-Ter Prodotti Theurapeutici*, 278 F. Supp. 148 (S.D. N.Y. 1967).

Judge Mansfield, in deciding the *Chas. Pfizer* case had expressly to choose between following Judge Butzner's ruling in the *Olin* case and the conflicting dictum of the Seventh Circuit Court of Appeals in *Coulter Electronics, Inc.* v. *A. B. Lars Ljungberg & Co.*, 376 F. 2d 743 (7 Cir. 1967).

He chose to follow *Olin*, we cannot improve upon the clear reasoning of Judge Mansfield, and we rely upon the rationale of his opinion. This circumstance of conflict alone seems to justify this Court in granting the present writ.

This Court found in *In re Hohorst*, 150 U.S. 653 (1893) that the restrictive 1887 venue enactment, which purported to leave no district in which an alien who had been properly served with process as a forum in which to try the action was despite its terms, inapplicable to aliens. The lower courts have generally followed this approach and have continued to find aliens suable in a district where validly served regardless of apparently forbidding language in the venue statutes. This matter is quite extensively reviewed in *Moore's Federal Practice* (2d Ed.) ¶ 0.142 [6]. Thus it is quite clear that Mr. Justice Clark overstated the matter in the *Schnell* opinion where he defined § 28

U.S.C. § 1400(b) as "the sole and exclusive provision controlling venue in patent infringement actions," 365 U.S. 262. Prior to the enactment of the Judicial Code of 1948, it was a rule of decision that the limited patent venue provided by § 48 of the Judicial Code of 1911 was inapplicable to aliens. The present limited patent venue of § 1400(b), which this Court in *Fourco* characterized, 353 U.S. 228 as having made no substantive change in former § 48, is recognized by the weight of authority to be modified with respect to aliens by the codification of the pre-existing decisional law in § 1391 (d). To borrow from Mr. Justice Clark's own pen, we submit that his *Schnell* dictum is best characterized as "a rhetorical embellishment", *Graham et al.* v. *John Deere Co. of Kansas City et al.*, 383 U.S. 1, 15 (footnote 7).

REASON II: The plain words of 28 U.S.C. § 1391(b) as amended in November 1966 make its terms applicable to patent actions and the Judicial Conference which sponsored the amendment, the Attorney General who supported it, and the reports of both Houses of Congress which passed it state categorically that it is intended to apply to all civil actions. The decision below does violence to the statutory language and thwarts the stated intention.

§ 28 U.S.C. 1391(b) was amended to read as follows: "(b) A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, or in which the claim arose, except as otherwise provided by law." Manifestly, a patent infringement action is "a civil action wherein jurisdiction is not founded solely on diversity of citizenship." It is thus clearly within the literal ambit of the amended section.

Historically, the amended section was introduced as a replacement for prior § 1391(f): "A civil action on a tort claim arising out of the manufacture, assembly,

repair, ownership, maintenance, use or operation of an automobile may be brought in the judicial district wherein the act or omission complained of occurred." This § 1391(f) followed modern concepts of appropriate venue by giving importance to the place where the cause of action arose and was thus an extension to automobile matters of an underlying concept of the 1897 special patent venue (see Appendix A hereto, p. 9a), giving effect to the place where the infringement had occurred, provided that the defendant had a sufficient connection with that place to be defined as "a regular and established place of business".

It is apparent from the history of the 1966 amendment of § 1391(b), Appendix A, p. 12(a), that first the Judicial Conference which sponsored it, then the Attorney General who supported it and, finally, the Congress were persuaded that the district "in which the claim arose" was an appropriate venue for *all* civil actions and that the concepts of due process by which the sufficiency of service is tested afford a sufficient protection to ensure that the defendant had an appropriate connection with the district involved. See *International Shoe Co.* v. *State of Washington,* 363 U.S. 310 (1945). To carve out of § 1391(b) as amended an exception unhinted at in its language and nowhere adverted to in any legislative history because of the dictum in the *Schnell* case is an error of the Court below which it arrived at in its own words because "we are bound by Supreme Court decisions" which "preclude our giving the [petitioner's] argument the serious consideration that it would otherwise deserve", Appendix B, p. 23a.

The blind reliance of the Court below upon the literal stringency of Mr. Justice Clark's dictum in the *Schnell*

case is in conflict with the broader and sounder policies expressed by this Court in *Pure Oil Co.* v. *Suarez,* 384 U.S. 202 (1966). In that case the Court was dealing with the applicability to Jones Act venue of § 1391(c) of the 1948 Judicial Code. It characterized that section as being one which "could be said with reasonable certainty" to have been "intended to liberalize venue". We are now here concerned with the applicability to patent infringement actions and, in particular, to the special venue provisions of 28 U.S.C. § 1400(b), of the amendment of November 1966 to § 1391(b). It is clear that that amendment was intended to liberalize venue and it seems inescapable logic that the *Suarez* doctrine now requires that that liberalization be carried over from amended § 1391(b) to liberalize the special venue of § 1400(b), as the liberalizing language of § 1391(c) was carried over to liberalize the special venue provisions of the Jones Act.

REASON III: At no time has the Congress ever enacted a special patent venue applicable to all defendants which was narrower than that currently in force for general federal question civil actions, and no sound reasons can be advanced why patent venue should be thus narrower. On the contrary, broad venue provisions, giving a wider play to the transfer power conferred on the district courts by 28 U.S.C. § 1404, could do much to reduce the notorious forum shopping tactics now characteristic of patent litigation.

The first sentence of our Reason III brings into question the soundness of the *Stonite* case. In questioning this soundness, petitioner finds itself in the not unimpressive company of Professor Moore, who went further in questioning the soundness of the *Fourco* case which was grounded on *Stonite,* Moore's Federal Practice (2d Ed.) ¶ 0.114 [9] and we go beyond Professor Moore into an analysis of the statutory history

of the special patent venue section which we believe demonstrates conclusively that Mr. Justice Murphy's attempted analysis in the *Stonite* opinion was incorrect and incomplete.

From 1789 to 1873, there was no venue provision apart from jurisdiction and any civil action cognizable in a federal court could be maintained in any district in which a defendant could be validly served with process, Appendix A, p. 1a. Moreover, during this same period, there was no provision for general federal jurisdiction over federal question cases apart from the diversity jurisdiction and in all civil matters, including patent infringement matters, the federal jurisdiction was dependent upon the existence of a specified amount in controversy and was concurrent with the jurisdiction of the state Courts. The importance of this is that there was no hiatus created by the interplay of the literal wording of jurisdictional and venue sections such as operated to give an apparent immunity to aliens after the 1887-1888 restriction on venue generally, Appendix A, p. 3a. An element of confusion was introduced into the matter by the adoption of the Revised Statutes in 1873 which eliminated concurrent State jurisdiction in patent infringement matters, Appendix A, p. 1a. This did no harm and created no hiatus so long as patent suits could be brought in any district in which a defendant was properly served. In 1875 the Congress enacted for the first time a general "federal question" jurisdiction for the United States courts irrespective of the concurrent existence of diversity jurisdiction. The apparent effect of the literal language of this section, Appendix A, p. 2a, is to restore the concurrent jurisdiction of state Courts over patent infringement matters, which had been taken

away two years earlier. However, since this 1875 enactment continued to make all defendants suable in any district in which they could be validly served however the question of concurrent State jurisdiction over patent actions were to have been decided, patentees would not yet have been confronted with any hiatus in their rights and the availability of a forum.

By 1887 the possibility of bringing federal civil actions in any district in which a defendant could be served had become, at least in many instances, oppressive and the Congress enacted for the first time a venue section, Appendix A, p. 3a, which restricted the forum for federal civil actions other than in terms of valid service, namely, in the case of federal question cases, to the district whereof the defendant is an inhabitant. Manifestly, this restriction, if followed, had serious consequences with respect to aliens and was found to be inapplicable to shield such defendants in *In re Hohorst, supra.* Moreover, because of the amount in controversy limitation, unless it were decided that the state Courts had regained concurrent jurisdiction over patent causes, the literal terms of 1887 left no forum available for small patent cases.

This 1887-1888 situation is analysed by Professor William C. Robinson of Yale Law School in § 934 of his well-known text *Robinson On Patents* (Boston, 1890). This contemporary analysis by a respected authority is one of the elements that was missing from Mr. Justice Murphy's treatment of the matter in the *Stonite* case. As noted in the *Stonite* decision, 315 U.S. 564 (footnote 3), even after the *Hohorst* case, the literal applicability of the 1887 section to patent infringement cases gave rise to conflict of decision. At

this juncture, the Congress undertook to resolve the matter by enacting a special patent venue.

The Congress had before it the situation in which the 1887 enactment limited the general venue for federal question civil cases to the district whereof the defendant was an inhabitant. Some of the judicial decisions applied this restricted venue to patent infringement cases, considering that *In re Hohorst* had been limited to aliens, but others treated *Hohorst* as holding that the 1887 venue statute did not apply to patent infringement questions at all. The Congress resolved this dilemma in 1897 by providing a special patent venue, Appendix A, p. 9a, which was broader than venue limited to a district of which the defendant was an inhabitant, which it had retained for general federal question cases. That is to say, Congress provided for patent infringement cases, the narrow general federal question venue of a district whereof the defendant was an inhabitant, but *added* to it any "district in which the defendant, whether a person, partnership, or corporation shall have committed acts of infringement and have a regular and established place of business". It is thus apparent that Mr. Justice Murphy was wrong in his conclusion that Congress was expressing an intent that patent infringement cases require a restricted venue, for the opposite is true. The Congress was expressing an intent that patent infringement cases should have a broader venue than general federal question civil litigation.

The legislative history of the 1897 enactment makes this abundantly clear. We have reproduced excerpts from this legislative history, Appendix A, p. 11a, which we think can be summarized in Congressman Payne's reluctant conclusion, "I think the Bill puts the owner

of a patent in a little better position than the owner of any other property."

So long as 28 U.S.C. § 1391(b) limited general federal question venue to the judicial district wherein the defendant resides, 28 U.S.C. § 1400(b) continued to provide the function of its 1897 predecessor, making patent infringement venue broader than general federal question venue. However, when the Congress in 1966 amended the general federal question venue in the most general terms to apply to all civil actions and to provide venue in a district in which the claim arose, for the first time, if the interpretation placed upon the matter by the Court below is correct, § 1400(b) now exists to provide for patent infringement cases a venue more restricting than that accorded general federal question causes. There is not a shadow of a suggestion of any intent on the part of Congress thus to reverse its former policy, nor, we submit, is there any reason why a patent infringement tort feasor should be protected by a narrower venue provision than that accorded a defendant whose actions with respect to the same subject matter may have given rise to a federal question claim on some other basis.

The logic of the opinion of the Fourth Circuit, here sought to be reviewed, is not of course limited to patent infringement matters, but rather constitutes a determination that in passing the 1966 amendment to § 1391(b) the Congress did not intend it to be applicable to broaden any of the various special venue provisions of federal law. This is certainly contrary to the sense of *Pure Oil* v. *Suarez, supra,* and this Court will be urged to deny the liberalized treatment contemplated in the 1966 law to any subject treated by a

special provision.[2] The argument will be that the Court below held the 1966 Act did not apply to "any" civil action, but only some civil actions.

For a history of how this Court's prior patent venue holdings have been construed as making general venue inapplicable to special venue situations see Judge Lord's opinion in *State of New York* v. *Morton Salt Company,* 266 F. Supp. 570 (E.D. Pa. 1967).

Aside from the correctness of the holding below as to patents, the decision will force upon this Court piecemeal consideration of the applicability of this law as to every special venue provision which it broadens, unless this Court takes this opportunity to decide whether "any action" means "any" action or "some" actions.

As a final point, it may be observed that the interplay of restricted patent venue and the power of the district court to transfer on *forum non conveniens* standards accorded by 28 U.S.C. § 1404 has greatly

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[2] A partial list of special venue provisions which would appear to be broadened by the 1966 Act and in which service might be obtained under the state's long arm statute are Interpleader 28 U.S.C. § 1397; Copyrights 28 U.S.C. § 1400(a), Jones Act 46 U.S.C. § 688; Clayton Act 15 U.S.C. §§ 15 and 22; Food Drug and Cosmetic Act 21 U.S.C. §334; Tucker Act 28 U.S.C. § 1402(a); Taft Hartley Act 29 U.S.C. § 185(c); Labor-Management Reporting and Disclosure Act of 1959, trustee and election provisions 29 U.S.C. §§ 464 and 482; Common Carrier actions 49 U.S.C. § 20(11); Bankruptcy 11 U.S.C. § 46(b); Stockholders Dirivative actions 28 U.S.C. § 1401; Agriculture enforcement order 7 U.S.C. § 292; I.C.C. enforcement order 28 U.S.C. § 1398 and 49 U.S.C. § 16(2). Banking association actions 28 U.S.C. § 1394 and 12 U.S.C. § 94; Investment Company Act of 1940, 15 U.S.C. § 80(a)-43; automobile dealer suits 15 U.S.C. § 1222; Nationality proceedings 8 U.S.C. § 1503(a).

promoted forum shopping in patent litigation. It has been uniformly held that § 1400(b) applies to actions for patent infringement, *i.e.* suits filed by persons claiming a patent right against an accused infringer, but does not apply to declaratory judgment actions, *i.e.* suits in which persons who have been accused of infringement seek a declaration of invalidity or non-infringement against a patentee. These latter declaratory actions are said to be covered by § 1391(b), the general federal question venue. Because of the material differences between the two provisions technically thus made applicable to the trial of identical issues, anomalous results are reached and overcrowded Court calendars are loaded with duplicate litigation. It is sufficient on this point at this time to cite the decision from the Eastern District of Pennsylvania in *Foster Wheeler Corporation* v. *Aqua-Chem, Inc.*, 277 F. Supp. 382 (E.D. Pa. 1967) in which an application to transfer a later-filed declaratory judgment action to the Court in which an earlier-filed infringement action was pending was denied because the two governing venue provisions do not coincide. Had the provisions of § 1391(b) as amended been applied literally and as contended for by petitioner here in that case, the manufacturer would no doubt have been subject to suit along with his customer in Louisiana by application of the doctrine of *International Shoe Co.* v. *State of Washington*, 326 U.S. 311 (1945) the same as if the patent infringement tort in Louisiana had been a product liability tort.

CONCLUSION

For the foregoing reasons, this petition for a writ of certiorari should be granted.

Respectfully submitted,

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APPENDIX

APPENDIX A

Relevant portions of the statutes of the United States providing for jurisdiction and venue in Federal trial courts in Federal question civil actions generally, and in patent infringement actions in particular, together with pertinent extracts from their legislative history, and a contemporary treatise.

First Congress. Sess. 1. Ch. 20 1789

I. In Effect From 1789 to 1873:

1 Stat. 78-79

SEC. 11. And it be further enacted that the Circuit Courts shall have original cognizance, concurrent with the courts of the several states, of all suits of a civil nature at common law or in equity where the matter in dispute exceeds, exclusive of costs, the sum or value of five hundred dollars and the United States are plaintiffs, or petitioners; or an alien is a party or the suit is between a citizen of the state where the suit is brought, and a citizen of another state. And shall have exclusive cognizance of all crimes and offences cognizable under the authority of the United States, except where this act otherwise provides or the laws of the United States shall otherwise direct, and concurrent jurisdiction with the district courts of the crimes and offences cognizable therein. But no person shall be arrested in one district for trial in another, in any civil action before a circuit or district court. And no civil action shall be brought before either of said courts against an inhabitant of the United States, by any original process in any other district than whereof he is an inhabitant, or in which he shall be found at the time of serving the writ . . .

II. Adopted in 1873 and Still in Effect in Substance:

AN ACT

To revise and consolidate the statutes of the United States, in force on the first day of December, anno domini one thousand eight hundred and seventy three

. . . . . .

SEC. 629 The Circuit Courts shall have original jurisdiction as follows:

. . . Ninth. Of all suits at law or in equity arising under the patent or copyright laws of the United States . . .

SEC. 711 The jurisdiction vested in the courts of the United States in the cases and proceedings hereinafter mentioned, shall be exclusive of the courts of the several States:

. . . Fifth. Of all cases arising under the patent right or copyright laws of the United States.

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III. Adopted in 1875 and in Effect Until 1887:

FORTY-THIRD CONGRESS. SESS. II. CHS. 136, 137. 1875.

CHAP. 137.—An act to determine the jurisdiction of circuit courts of the United States, and to regulate the removal of causes from State courts, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the circuit courts of the United States shall have original cognizance, concurrent with the courts of the several States, of all suits of a civil nature at common law or in equity, where the matter in dispute exceeds, exclusive of costs, the sum or value of five hundred dollars, and arising under the Constitution or laws of the United States, or treaties made, or which shall be made, under their authority, or in which the United States are plaintiffs or petitioners, or in which there shall be a controversy between citizens of different States or a controversy between citizens of the same State claiming lands under grants of different States, or a controversy between citizens of a State and foreign states, citizens, or subjects; and shall have exclusive cognizance of all crimes and offenses cognizable under the concurrent jurisdiction with the district courts of the crimes and offenses cognizable therein. But no person shall be arrested in one district for trial in another in any civil action before a circuit or district court.

And no civil suit shall be brought before either of said courts against any person by any original process or proceeding in any other district than that whereof he is an inhabitant, or in which he shall be found at the time of serving such process or commencing such proceeding, except as hereinafter provided; nor shall any circuit or district court have cognizance of any suit founded on contract in favor of an assignee, unless a suit might have been prosecuted in such court to recover thereon if no assignment had been made, except in cases of promissory notes negotiable by the law merchant and bills of exchange. And the circuit courts shall also have appellate jurisdiction from the district courts under the regulations and restrictions prescribed by law.

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IV. Adopted in 1887 in Substance, as Corrected in Matters Here Irrelevant by Reenactment in 1888:

FIFTIETH CONGRESS. SESS. I. CHS. 860, 866. 1888.

* * * * * * * * * *

CHAP. 866.—An act to correct the enrollment of an act approved March third, eighteen hundred and eighty-seven, entitled "An act to amend sections one, two, three, and ten of an act to determine the jurisdiction of the circuit courts of the United States, and to regulate the removal of causes from the State courts, and for other purposes, approved March third, eighteen hundred and seventy-five."

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the act approved March third, eighteen hundred and eighty-seven, entitled "An act to amend sections one, two, three, and ten of an act to determine the jurisdiction of the circuit courts of the United States, and to regulate the removal of causes from State courts, and for other purposes, approved March third, eighteen hundred and seventy-five," be, and the same is hereby amended so as to read as follows:

"Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the first section of an act entitled 'An act to determine the jurisdiction of circuit courts of the United States and to regulate the removal of causes from State courts, and for other purposes,' approved March third, eighteen hundred and seventy-five, be, and the same is hereby, amended so as to read as follows:

"That the circuit courts of the United States shall have original cognizance, concurrent with the courts of the several States, of all suits of a civil nature, at common law or in equity, where the matter in dispute exceeds, exclusive of interest and costs, the sum or value of two thousand dollars, and arising under the Constitution or laws of the United States, or treaties made, or which shall be made, under their authority, or in which controversy the United States are plaintiffs or petitioners, or in which there shall be a controversy between citizens of different States, in which the matter in dispute exceeds, exclusive of interest and costs, the sum or value aforesaid, or a controversy between citizens of the same State claiming lands under grants of different States, or a controversy between citizens of a State and foreign states, citizens, or subjects, in which the matter in dispute exceeds, exclusive of interest and costs, the sum or value aforesaid, and shall have exclusive cognizance of all crimes and offenses cognizable under the authority of the United States, except as otherwise provided by law, and concurrent jurisdiction with the district courts of the crimes and offenses cognizable by them. But no person shall be arrested in one district for trial in another in any civil action before a circuit or district court; and no civil suit shall be brought before either of said courts against any person by any original process or proceeding in any other district than that whereof he is an inhabitant but where the jurisdiction is founded only on the fact that the action is between citizens of different States, suit shall be brought only in the district of the residence of either the plaintiff or the defendant; nor shall any circuit

or district court have cognizance of any suit, except upon foreign bills of exchange, to recover the contents of any promissory note or other chose in action in favor of any assignee, or of any subsequent holder if such instrument be payable to bearer and be not made by any corporation, unless such suit might have been prosecuted in such court to recover the said contents if no assignment or transfer had been made; and the circuit courts shall also have appellate jurisdiction from the district courts under the regulations and restrictions prescribed by law."

V. Treatise Comment on Situation Created by 1888 Enactment:

ROBINSON ON PATENTS

By William C. Robinson, Professor of Law in Yale University (Boston 1890).

§ 934. Jurisdiction Over Actions at Law Vests in the Court for the Circuit in Which the Defendant Resides or Is Found.

An action at law for infringement may be brought before any Circuit court which has jurisdiction over the persons of the plaintiff and defendant. A plaintiff places himself within the jurisdiction of the court by instituting his action therein. Hence where a plaintiff has the capacity to sue, no question as to the jurisdiction of the court over him can properly arise. This is the case with all natural persons, and with all corporations also unless restrictions in their characters or in the local laws otherwise provide.[1] In the absence of such restrictions, any corporation or individual, whose rights under a patent have been violated, may institute legal proceedings for redress in any Circuit court

[1] § 934. That the Patent Laws do not change the rules established by the judiciary acts as to territorial jurisdiction over parties, or the service of process, see United States v. American Bell Telephone Co. (1886), 29 Fed. Rep. 17; 38 O.G. 1237.

That a corporation may maintain a suit in the district where its rights are infringed, though it is created under the laws of another State, see Elm City Co. v. Wooster (1873), 4 O.G. 83; 6 Fisher, 452.

whose jurisdiction extends to the person of the defendant. A Circuit court has jurisdiction over a defendant when he resides or is lawfully served with process in either of the districts which are included in the circuit.[2] A resident defendant is always within the jurisdiction of the court, and the rules which require personal service of process upon him can at all times be fulfilled. Upon a non-resident defendant, however, process can be served only when he is personally within the territorial limits of the circuit.[3]

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[2] In Thompson v. Mendelsohn (1871), 5 Fisher, 187, McKennan, J.: (188) "The Patent Laws confer exclusive jurisdiction upon the circuit courts of all suits, in law or equity, for invasion of the rights of inventors under them, and the judiciary act expressly authorizes such suits to be brought and process to be served upon defendants in any district in which they may be found. The conclusion is inevitable that where these conditions are complied with, the court has power to afford such measure of protection to the plaintiff's rights as it is competent to afford in any case, of the subject-matter of which it has jurisdiction, and in which the parties are before it by the due service of process. Certainly by no act of Congress is this power restricted by the fact of the defendant's residence in another district; or that the wrong imputed to him was not committed in the district in which the suit is brought. The process of the court is primarily directed against the person of the wrong-doer, and it is no sufficient reason against the power of the court to award it, that it may not furnish to the plaintiffs effectual relief, or that its operation may be evaded by the defendant."

[3] The law as stated in the text and illustrated in the notes of this and succeeding paragraphs is that of the judiciary acts, and the decisions under them, prior to the act of March 3, 1887. The latter act provides that "no civil suit shall be brought before" the circuit courts of the United States "against any person by any original process of proceeding in any other district than that whereof he is an inhabitant." Whether this provision applies to cases arising under the Patent Laws may well be doubted. In Preston v. Fire Extinguisher Co. (1888), 46 O. G. 124, Gormully Mfg. Co. v. Pope Mfg. Co. (1888), 34 Fed. Rep. 818, and Halstead v. Manning (1888), 44 O. G. 344, it was held that patent causes were within the statute, and that a defendant must thus be sued in the district of his residence. On the other hand, it has been decided that

Service by publication or by the attachment of property, though often sufficient under State laws to confer jurisdiction over him for the purposes of the action thus commenced, does not answer the requirements of the Federal law.[4] Personal service within the circuit must be made

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another equally universal provision of the same act, limiting the jurisdiction of the circuit courts to controversies involving $2,000 or upwards, does not apply to patent cases. See Miller-Megee v. Carpenter (1887), 43 O. G. 1118, where it is also intimated that the act of 1887 does not relate to suits under the Patent Laws. Patent rights and their invasions, as well as patent litigations, being matters *sui generis*, the consequences of embracing them under the sweeping provisions of general statutes cannot always be foreseen; but many reasons will suggest themselves to any person familiar with industrial affairs in this country in favor of the retention of the former rule of practice in suits against infringers. Until the new position has been fully discussed and finally adopted by the courts, or more specifically defined by Congress, its soundness may, therefore, be regarded as an open question, and the doctrine built up by a century of legislation and judicial explanation be still treated as at least possibly correct and ultimately to prevail. In that view it is here considered as if the act of 1887 had not been passed.

That a circuit court has no jurisdiction unless the defendant is served in his own district, or is found and served where sued, see Day v. Newark India Rubber Mfg. Co. (1850), 1 Blatch. 628.

That suit may be brought in any district where the defendant can be served, whether either party lives there or not, but the defendant must be personally served therein, see Allen v. Blunt (1849), 1 Blatch. 480.

That service upon one co-partner does not give personal jurisdiction over a non-resident partner, see United States v. American Bell Telephone Co. (1886), 29 Fed. Rep. 17; 38 O. G. 1237.

That service cannot be made on an agent created by implication against the will of the parties and not actually appointed, see United States v. American Bell Telephone Co. (1886), 38 O. G. 1237; 29 Fed. Rep. 17.

[4] That the existence of property rights or pecuniary interests within the district are not alone enough to confer jurisdiction, see United States v. American Bell Telephone Co. (1886), 29 Fed. Rep. 17; 38 O. G. 1237.

That a service by attaching the defendant's goods gives no jurisdiction over him, see Chaffee v. Hayward (1857), 20 How. 208.

upon him, and this must affirmatively appear upon the marshal's return, or the court acquires no jurisdiction over him.[5] Such service must be lawful and not be procured by fraud or imposition. Service on a non-resident defendant attending court within the circuit, or present at an examination of witnesses by stipulation, or inveigled by any means within the circuit in order that service may be made upon him, is fraudulent and void, and will be set aside on motion by the court.[6] But such a defendant, either without service or after improper service, may appear and submit himself to the jurisdiction of the court, whose authority thereafter over him will be as complete as if it had been regularly obtained.[7]

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[5] That when a person is sued out of his own district it must affirmatively appear by the marshal's return that process was served on him in the district where the suit is brought or the court will acquire no jurisdiction, see Thayer v. Wales (1872), 5 Fisher, 448.

[6] That service upon a defendant while attending court in another State as a party defendant, or witness, is not lawful, see Wilson Sewing Mach. Co. v. Wilson (1885), 23 Blatch. 51.

That a service of process on a party attending an examination of witnesses by stipulation out of his own district will be set aside on motion, see Plimpton v. Winslow (1881), 22 O. G. 1207; 20 Blatch. 82; 9 Fed. Rep. 365.

[7] That a party appearing submits to the jurisdiction, see Macauley v. White Sewing Mach. Co. (1881), 21 O.G. 496; 9 Fed. Rep. 698.

That the judiciary acts, limiting jurisdiction to cases where the defendant resides or is found within the district, confer only a personal privilege which may be waived by voluntary appearance or by accepting general conditions which impose a liability to suit, see United States v. American Bell Telephone Co. (1886), 29 Fed. Rep. 17; 38 O. G. 1237.

That an appearance in order to move to quash or to plead to the jurisdiction does not waive objections thereto, see United States v. American Bell Telephone Co. (1886), 29 Fed. Rep. 17; 38 O. G. 1237.

That where a defendant appears by attorney and files his plea to the jurisdiction by attorney, this admits and submits to the

VI. First Special Patent Venue Enactment in 1897 and Excerpts From Its Legislative History:

FIFTY-FOURTH CONGRESS. SESS. II CHS. 392-395. 1897

CHAP. 395.—An Act Defining the jurisdiction of the United States circuit courts in cases brought for the infringement of letters patent.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That in suits brought for the infringment of letters patent the circuit courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. If such suit is brought in a district of which the defendant is not an inhabitant, but in which such defendant has a regular and established place of business, service of process, summons, or subpoena upon the defendant may be made by service upon the agent or agents engaged in conducting such business in the district in which suit is brought.

Approved, March 3, 1897.

Mr. Lacey of Iowa who, in introducing the bill, said:

"Mr. Speaker, I introduced this bill at the suggestion of a number of gentlemen who live in the Northwest, and who have interest in patent rights that are frequently infringed in distant localities, and yet the

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jurisdiction of the court, and the same result follows from the entry of a special appearance on the order-book at the request of the defendant's attorney without special leave of the court, see Thayer v. Wales (1872), 5 Fisher, 448.

That irregularities in service are waived unless objected to before answer, see Goodyear v. Chaffee (1855), 3 Blatch. 268.

That the privilege of freedom from service while attending a trial must be insisted on at the proper time or it will be waived, see Matthews v. Puffer (1882), 22 O. G. 332; 20 Blatch. 233.

> sales of the patented articles so infringed are largely, or mainly, made in the vicinity where the owners of the patent happen to be located. . . . For instance, the manufactory may be established at some distant point and the office where the goods are sold is opened in Chicago or in St. Louis or some other distant city. They have a permanent place of business at either city, and yet no relief can be had in the courts where the infringement is mainly carried on."

and as to the intent:

> "The main purpose of the bill is to give original jurisdiction to the court where a permanent agency transacting the business is located, *and* that business is engaged in the infringement of the patent rights of some one who has such rights anywhere in the United States."

In answer to Mr. Payne's contention that the bill went "too far in making an exception in patent cases that does not obtain in any other case . . . by extending (venue) to a Territory wherever the (defendant) is found, not an inhabitant or a resident, but where he has a business office and has committed, through agents or otherwise, an infringement", Mr. Lacey proffered the following:

> "Should not the local court have control of the matter, with the strong arm of the law on the one hand and the restraining power of a court of equity on the other? Because this necessity arose we have this bill. Very frequently an infringing agency is the principal place of business. When the party defendant who nominally infringes the patent lives in one place, but the real place where the business is carried on is at another, at present the place of the defendant's residence alone gives jurisdiction. Business is going West, and a little plant on the seaboard often grows into a tremendous institution when it goes to Chicago and the great interior places where the population resides; and to deprive the courts of that community of jurisdiction would work a hardship by reason of the

> expense . . . . Why not have the trial where the transaction occurs?"

In finally agreeing to the bill, Mr. Payne still had the following reservation:

> ". . . I think the bill . . . puts the owner of a patent in a little better position than the owner of any other kind of property, . . ."

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VII. As Codified in 1948 by the Enactment of Title 28:

Ch. 87 DISTRICT COURTS; VENUE

• • • • • • • • • • •

§ 1391. *Venue generally*

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(b) A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, except as otherwise provided by law.

• • • • • • • • • • •

§ 1400. *Patents and copyrights*

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

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VIII. Excerpts From Legislative History of Amendment of 28 U.S.C. §§ 1391 (a) and (b) in November 1966:

89th Congress
2d Session

HOUSE OF REPRESENTATIVES

Report No. 1893

CIVIL ACTION VENUE AMENDMENT

AUGUST 25, 1966.—Referred to the House Calendar and ordered to be printed

MR. CELLER, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H.R. 7382]

The Committee on the Judiciary, to whom was referred the bill (H.R. 7382) to amend section 1391 of title 28 of the United States Code relating to venue, having considered the same, report favorably thereon with an amendment and recommended that the bill do pass.

The amendment is as follows:

At the end of the bill add the following new section:

SEC. 2. Subsection (f) of section 1391, title 28, United States Code, is hereby repealed.

PURPOSE OF AMENDMENT

Subsection 1391(f) of title 28, United States Code (Public Law 88–234, 77 Stat. 473, December 23, 1963), authorizes a civil action on certain tort claims to be brought in the district where the act or omission complained of occurred. Subsections 1391(a) and 1391(b), as amended by the bill, encompass the provisions of subsection 1391(f) and render that subsection surplusage.

PURPOSE OF BILL

H.R. 7382 amends subsections 1391(a) and 1391(b) of title 28, United States Code, to enlarge venue authority so as to authorize any civil action to be brought in the judicial

district where the claim arose. Under subsection 1931(a), a civil action wherein jurisdiction is founded only on diversity of citizenship, unless otherwise provided by law, may be brought in the judicial district in which the claim arose, as well as in the judicial districts where all plaintiffs or defendants reside. Subsection 1391(b) would be amended to authorize a civil action wherein jurisdiction is not founded solely on diversity of citizenship to be brought in the judicial district in which the claim arose as well as in the district where all defendants reside.

STATEMENT

H.R. 7382 is a product of the continuing efforts of the Judicial Conference of the United States to improve procedures for the administration of justice in the United States. This enlargement of venue authority will facilitate the disposition of both contract and tort claims by providing, in appropriate cases, a more convenient forum to the litigants and the witnesses involved.

The bill was requested by the Judicial Conference of the United States. The executive communication to the Speaker of the House of Representatives stated:

ADMINISTRATIVE OFFICE OF THE
U.S. COURTS,

Washington, D.C., January 29, 1965.

Hon. JOHN W. MCCORMACK,
Speaker of the House of Representatives,
Washington, D.C.

DEAR MR. SPEAKER: On behalf of the Judicial Conference of the United States, I am transmitting herewith a draft of a bill to amend section 1391 of title 28, United States Code, relating to venue in civil actions.

The bill would authorize a civil action founded on diversity of citizenship jurisdiction to be brought in the judicial district in which the claim arose, as well as in the judicial district where all plaintiffs or all defendants reside; and

would also authorize a civil action not founded on diversity of citizenship jurisdiction, to be brought in the judicial district in which the claim arose, as well as in the judicial district where all defendants reside.

A recent amendment to the venue statue, Public Law 88–234 (77 Stat. 473) approved December 23, 1963, authorized a civil action on a tort claim arising out of the manufacture, assembly, repair, ownership, maintenance, use, or operation of an automobile to be brought in the judicial district where the act or omission complained of occurred. The draft bill would further liberalize the venue provisions by authorizing any civil action to be brought in the district where the claim arose, thus providing in some cases a more convenient forum, not only for the litigants involved, but also for the witnesses who are to testify in the case.

Representatives of this office will be glad to appear before the committee to which the draft bill may be referred and furnish any further information that may be desired.

Sincerely yours,

WARREN OLNEY *III*, *Director*.

The Department of Justice recommends enactment of H.R. 7382. In its report to the committee, the Department of Justice stated:

U.S. DEPARTMENT OF JUSTICE,
OFFICE OF THE DEPUTY ATTORNEY GENERAL,
Washington, D.C., November 5, 1965.

Hon. EMANUEL CELLER,
Chairman, Committee on the Judiciary,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of this Department on H.R. 7382, a bill to amend section 1391 of title 28 of the United States Code relating to venue.

Under section 1391(a) of title 28, United States Code, a civil action wherein jurisdiction is founded only on diver-

sity of citizenship may, except as otherwise provided by law, be brought only in the judicial district where all plaintiffs or all defendants reside. Section 1391(b) states that a civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, except as otherwise provided by law. In 1963, section 1391(f) was enacted providing that a civil action on a tort claim arising out of the manufacture, assembly, repair, ownership, maintenance, use, or operation of an automobile may be brought in the judicial district wherein the act or omission complained of occurred (Public Law 88–234).

This bill would amend sections 1391 (a) and (b) to authorize any civil action to be brought in the district where the claim arose.

The provisions of H.R. 7382 would seem to facilitate the administration of justice by permitting civil suits to be brought not only in the place of residence either of the plaintiff or the defendant, but also a place which may be more convenient to the litigants or to the witnesses who are to testify in the case. Accordingly, the Department of Justice recommends enactment of this bill.

We would point out that if this bill is enacted, section 1391(f) should be repealed.

The Bureau of the Budget has advised that there is no objection to the submission of this report from the standpoint of the administration's program.

Sincerely,

RAMSEY CLARK,
Deputy Attorney General.

ANALYSIS

As amended, H.R. 7382, is composed of two sections. Section 1 amends subsections (a) and (b) of section 1391 of title 28 of the United States Code.

New subsection 3191(a) permits a civil action wherein jurisdiction founded only on diversity of citizenship, except

as otherwise provided by law, to be brought in the judicial district in which the claim arose, as well as in the judicial district where all plaintiffs or all defendants reside.

New subsection 1391(b) permits a civil action wherein jurisdiction is not founded solely on diversification of citizenship to be brought in the judicial district in which the claim arose, as well as in the judicial district where all defendants reside.

Section 2 repeals subsection 1391(f).

CHANGES IN EXISTING LAW

In compliance with clause 3 of rule XIII of the House of Representatives, there is printed below in roman existing law in which no change is proposed by the bill as reported. Matter proposed to be stricken by the bill as reported is enclosed in black brackets. New language proposed by the bill as reported is printed in italic.

TITLE 28—UNITED STATES CODE

Chapter 87—DISTRICT COURTS; VENUE

§ 1391. Venue generally.

(a) A civil action wherein jurisdiction is founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in the judicial district where all plaintiffs or all defendants reside, *or in which the claim arose.*

(b) A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, *or in which the claim arose,* except as otherwise provided by law.

• • • • • • • • • • •

[(f) A civil action on a tort claim arising out of the manufacture, assembly, repair, ownership, maintenance, use or operation of an automobile may be brought in the judicial district wherein the act or omission complained of occurred.]

89th Congress
2d Session

SENATE

Report No. 1752

CIVIL ACTION VENUE AMENDMENT

OCTOBER 18, 1966.—Ordered to be printed

MR. MCCLELLAN, from the Committee on the Judiciary, submitted the following

REPORT

[To accompany H.R. 7382]

The Committee on the Judiciary, to which was referred the bill (H.R. 7382) to amend section 1391 of title 28 of the United States Code relating to venue, having considered the same, reports favorably thereon, without amendment, and recommends that the bill do pass.

PURPOSE

H.R. 7382 amends subsections 1391(a) and 1391(b) of title 28, United States Code, to enlarge venue authority so as to authorize any civil action to be brought in the judicial district where the claim arose. Under subsection 1931(a), as amended, a civil action wherein jurisdiction is founded only on diversity of citizenship, unless otherwise provided by law, may be brought in the judicial district in which the claim arose, as well as in the judicial districts where all plaintiffs or defendants reside. Subsection 1391(b) would be amended to atuhorize a civil action wherein jurisdiction is not founded solely on diversity of citizenship to be brought in the judicial district in which the claim arose as well as in the district where all defendants reside.

STATEMENT

The facts relating to this legislation as set forth in the House Report on H.R. 7382 are as follows:

> H.R. 7382 is a product of the continuing efforts of the Judicial Conference of the United States to improve procedures for the administration of justice in the United States. This enlargement of venue authority will

facilitate the disposition of both contract and tort claims by providing, in appropriate cases, a more convenient forum to the litigants and the witnesses involved.

The bill was requested by the Judicial Conference of the United States. The executive communication to the Speaker of the House of Representatives stated:

Attached and made a part of this report is a letter, dated January 29, 1965, from the Administrative Office of the U.S. Courts; and a letter, dated November 5, 1965, from the Department of Justice.

[Letters omitted; see House Report, *supra.*]

ANALYSIS

As amended, H.R. 7382, is composed of two sections. Section 1 amends subsections (a) and (b) of section 1391 of title 28 of the United States Code.

New subsection 3191(a) permits a civil action wherein jurisdiction founded only on diversity of citizenship, except as otherwise provided by law, to be brought in the judicial district in which the claim arose, as well as in the judicial district where all plaintiffs or all defendants reside.

New subsection 1391(b) permits a civil action wherein jurisdiction is not founded solely on diversification of citizenship to be brought in the judicial district in which the claim arose, as well as in the judicial district where all defendants reside.

Section 2 repeals subsection 1391(f).

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

[Changes omitted; see House Report, *supra.*]

APPENDIX B

I. Opinion of the United States Court of Appeals of the Fourth Circuit:

No. 11,435

AMERICAN CYANAMID COMPANY, *Appellant,*

vs.

NOPCO CHEMICAL COMPANY and QUALITY FEEDS, INC. *Appellees.*

Appeal from the United States District Court for the Western District of Virginia, at Charlottesville. Thomas J. Michie, District Judge.

(Argued December 8, 1967. Decided January 11, 1968.)

Before HAYNSWORTH, Chief Judge, and CRAVEN and BUTZNER, Circuit Judges.

CRAVEN, Circuit Judge:

The sole question in this appeal is whether, within the meaning of 28 U.S.C.A. § 1400(b), NOPCO Chemical Company has a "regular and established place of business" in the Western District of Virginia[1] where American Cyanamid has brought suit against it for patent infringement.[2]

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[1] The statute provides that an action for patent infringement may be brought in either the district "where the defendant resides," *or* the district "where the defendant has committed acts of infringement *and* has a regular and established place of business." Cyanamid has conceded that NOPCO is not a resident of Virginia and, because we hold on other grounds that venue is improper, there is no need here to consider whether an act of infringement has been committed within the district.

[2] Quality Feeds, Inc., the co-defendant, has made no obection to venue and the suit against it is still pending in the district court.

It was determined by the district court that NOPCO has, within the district, no real or personal property, no storage, distribution or manufacturing facilities, and no bank account, address, or telephone listing. Nor do any of its salesmen live within the district. However, NOPCO's Regional Sales Manager, Clark Snook, does live within the district, and it is this fact upon which Cyanamid primarily relies.

Snook is a salaried employee who supervises NOPCO's selling in a ten-state area etxending from New York to South Carolina. He is provided with an automobile, rented and insured by NOPCO, which he uses to carry out his job of supervising four road salesmen. In the basement of his home, Snook has set aside a corner for use as an office; this "office" contains a homemade desk and some shelves where he keeps brochures on NOPCO products, communications from the home office, and copies of orders and invoices. At times he requires the services of a part-time secretary; he pays her wages and is later reimbursed by NOPCO. Salesmen visit this office infrequently, but none of his superiors has ever been in it. There is nothing on the outside of his home to indicate that NOPCO's business is conducted there or that a company representative is inside. The local phone book gives no reference to NOPCO and Snook's business card gives no local address or phone number. NOPCO owns no interest in the house and it contributes nothing to its maintenance; indeed, NOPCO did not even know that the office existed.

On such facts as these, it cannot be said that the office was NOPCO's. Thus, Cyanamid's argument can only be that it is sufficient under § 1400(b) that there exists within the district a physical location where an employee of the defendant carries on a part of his work. We refuse to so hold. The decision of the Supreme Court in *Schnell* v. *Peter Echrich & Sons*, 365 U.S. 260 (1961), precludes our construing § 1400(b) so broadly. In *Schnell* it was said that the "language of this special statute is clear and specific. • • • [F]or us to enlarge upon the mandate of the Congress

as to venue * * * would be an intrusion into the legislative field." *Id.* at 262-63. The statute clearly requires that venue be laid where "the defendant * * * has a regular and established place of business," not where the defendant's employee owns a home in which he carries on some of the work that he does for the defendant. *See Knapp-Monarch Co.* v. *Casco Prods. Corp.*, 342 F.2d 622, 625 (7th Cir. 1965); *General Radio Co.* v. *Superior Elec. Co.*, 293 F.2d 949, 950-51 (1st Cir. 1961); *Johnson & Johnson* v. *Picard*, 282 F.2d 386, 388 (6th Cir. 1960).

Cyanamid also urges that even if venue does not exist under 28 U.S.C.A. § 1400(b), there is venue under 28 U.S.C.A. § 1391(b) as amended in 1966 to include the phrase, "district * * * in which the claim arose."[3] The argument is the historical one that Congress has never enacted a venue provision for *special* federal question cases that is narrower than the venue provisions for federal question cases in general. This, Cyanamid points out that until 1887 the statute required the venue for federal question cases to be laid in the district of which the defendant was an inhabitant or in which he could be found; *i.e.*, the district in which personal service could be effected upon him. Act of March 3, 1875, ch. 137, § 1, 18 Stat. 470. In that year, because it had been found that the statute was so broad as to be oppressive, the statute was amended to delete the provision for venue wherever the defendant could be found. But unfortunate draftsmanship added a provision in the same sentence for $2,000.00 jurisdictional amount. Act of March 3, 1887, ch. 373, § 1, 24 Stat. 552. In attempting to apply the new statute to patent cases, the Circuit Courts split as to whether it was necessary for patent litigation to be brought in the district of the defen-

[3] "A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, or in which the claim arose, except as otherwise provided by law." *Ibid.*, as amended by the Act of Nov. 2, 1966, Pub. L. 89-714, §§ 1, 2, 80 Stat. 1111.

dant's residence and whether the jurisdictional amount was applicable. IV Robinson, The Law of Patents § 934 n.3, at 118 (1890). Congress acted to resolve this division of authority in 1897 by enacting the first special venue statute for patent cases. The new act provided for venue "in the district of which the defendant is an inhabitant, or in any district in which the defendant * * * shall have committed acts of infringement and have a regular and established place of business." Act of March 3, 1897, ch. 395, § 1, 29 Stat. 695. Cyanamid, of course, argues that this language, substantially the same as that found presently in 28 U.S.C.A. § 1400(b), was intended to provide *broader* venue for patent litigation than was provided for federal question cases generally. Then, in 1963, Congress legislated a special venue provision for automobile torts: "the judicial district wherein the act or omission complained of occurred." 28 U.S.C.A. § 1391(f). This sweeping provision so recommended itself to Congress that in 1966 it took one further step and provided that a civil action not founded solely on diversity may be brought, not only in the district where the defendant resides, but also in the judicial district "in which the claim arose, except as otherwise provided by law." 28 U.S.C.A. § 1391(b) (amended by the Act of Nov. 2, 1966, Pub. L. 89-714, §§ 1, 2, 80 Stat. 1111.) It is urged that this amendment was intended to apply to all federal question cases; that the phrase, "except as otherwise provided by law," was intended to prevent a reading which would restrict, not expand, other venue provisions; and that, like the Act of 1897, it was intended to provide for broader venue in patent cases than that provided by 28 U.S.C.A. § 1400(b).

We think that Cyanamid's argument is interesting and not without merit, but it come too late. It is now settled in this circuit that 28 U.S.C.A. § 1400(b) is the "sole and exclusive provision controlling venue in patent infringement actions." *Dow Chem. Co.* v. *Metlon Corp.*, 281 F.2d 292, 294 (4th Cir. 1960). Even if we were inclined

to change our rule, we are bound by Supreme Court decisions to the contrary. *E.g., Schnell v. Peter Eckrich & Sons,* 365 U.S. 260 (1961); *Fourco Glass Co.* v. *Transmirra Prods. Corp.,* 353 U.S. 222 (1957); *Stonite Co.* v. *Melvin Lloyd Co.,* 315 U.S. 561 (1942). Although these cases were all decided before the recent amendment to § 1391, it is apparent that they undercut Cyanamid's position,[4] and we feel that they preclude our giving the argument the serious consideration that it would otherwise deserve.

Affirmed.

---

[4] "As is pointed out in the cases, Congress adopted the predecessor to § 1400(b) as a special venue statute in patent infringement actions to eliminate the 'abuses engendered' by previous venue provisions allowing such suits to be brought in any district in which the defendant could be served. • • • The Act was designed 'to define the exact jurisdiction of the • • • courts in these matters,' • • • and not to 'dovetail with the general [venue] provisions.' • • • As late as 1957 we have held § 1400(b) to be 'the sole and exclusive provision controlling venue in patent infringement actions.' " *Schnell* v. *Peter Ecrich & Sons,* 365 U.S. at 262.

II. Judgment and Opinion of the United States District Court for the Western District of Virginia, filed respectively on March 27 and March 13, 1967:

[Caption omitted.]

ORDER

This case came on to be heard upon the motion of Nopco Chemical Company to dismiss it for lack of venue. The Court heard evidence, considered various depositions and affidavits and the memoranda filed by the parties herein. As more fully set out in its written opinion, the Court finds:

(1) Venue in this action is controlled by 28 U.S.C. 1400(b).

(2) Nopco Chemical Company is not a resident of this State.

(3) Nopco Chemical Company does not have a regular and established place of business within this District.

The Court is therefore of opinion that proper venue as to Nopco Chemical Company does not exist in this District, the motion to dismiss Nopco Chemical Company for lack of venue is hereby granted, and the Court does hereby ORDER that Nopco Chemical Company be, and it hereby is, dismissed.

THOMAS J. MICHIE
Judge

Requested by:

J. T. CAMBLOS
Counsel appearing specially for
for Nopco Chemical Company

Approved as to form:
W. BROWN MORTON, JR.
Counsel for American
Cyanamid Company

[Caption omitted.]

OPINION

Plaintiff, American Cyanamid, seeks an injunction and damages for alleged infringement of a patent of which it is the assignee on the mixture of an aureomycin mash containing chlortetracycline with vegetable protein meal which, when combined with animal feeds, acts as a growth stimulant.

The defendant Quality Feeds is a resident of this judicial district. The defendant Nopco is a corporation incorporated under the laws of New Jersey. Plaintiff is a Maine corporation, having its principal place of business at Wayne, New Jersey. The defendant Nopco has moved that the action be dismissed as to it on the ground of improper venue.

Venue in patent infringement cases is governed exclusively by 28 U.S.C. § 1400(b). *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957). Section 1400(b) reads:

> Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where the defendant has committed acts of infringement and has a regular and established place of business.

It is established that as to a corporation the residence referred to in § 1400(b) means only the state of incorporation. *Fourco Glass Co.* v. *Transmirra Products Corp.*, *supra*. Since Nopco is a New Jersey corporation, venue does not lie under the residence clause. Venue, therefore, is proper only if it can be shown that Nopco both (a) has committed acts of infringement and (b) has a regular and

established place of business within this judicial district. It has not been necessary to consider the question of acts of infringement as I have concluded that Nopco does not have "a regular and established place of business" within this judicial district as the phrase regular and established place of business has been construed.

It appears from the affidavits, depositions, and evidence presented that Nopco does not possess any real or personal property within the district. Nopco maintains no office, manufacturing facility, warehouse or other storage facility, showroom or distribution facility within the State of Virginia. Nopco maintains no bank account, address (Post Office box or otherwise), or telephone listing within this district.

Nopco does have several salesmen from within one or more of its operating divisions who sell within Virginia. However, none of them live within this state. All sales orders solicited by them are subject to acceptance by the home office in Newark, New Jersey. The orders, after acceptance, are filled and shipment takes place from facilities located outside of this state.

Since 1953 a salaried employee of Nopco having the title of Regional Sales Manager has resided in Charlottesville, Virginia. He is connected with Nopco's Industrial Chemicals Division and in that capacity supervises the selling effort in a ten-state area extending from southern New York to South Carolina. In order to carry out his job, which is to supervise the four road salesmen under his control and generally to enhance sales, Nopco has provided him with an automobile which is rented from a New York rental agency and which carries a policy of liability insurance designed to protect the defendant corporation. Four days of each week usually find the Regional Sales Manager on the road. He counsels the four salesmen under his supervision and often calls on customers or prospective

customers with them. Much of the time, of course, this activity takes place outside of Virginia. The Sales Manager does no selling himself and has no authority to accept orders.

In his home in Charlottesville, the Sales Manager has set aside a portion of his basement for use as an office. There he has a desk, upon which he may work, and shelves where he can file or store the various materials he receives in relation to his job. The evidence shows that he customarily receives information on Nopco products, sundry communications from the home office, and copies of orders secured by his salesmen as well as copies of invoices on shipments to customers. At times he requires the services of a part-time secretary whom he pays himself, for which he is later reimbursed by Nopco. The office, located in the basement of this man's home, is not open to the public. There is nothing on or about his home to indicate that any business of the defendant corporation is conducted within or that a representative of the corporation may be found there. None of his superiors have ever been in the office, in fact, until recently none were aware that it existed. Salesmen visit infrequently; perhaps two or three times in three years. The furnishings within the office, the desk and shelves, are largely homemade. What information concerning Nopco the office contains is not for display or available to the public.

Only a notation in the Charlottesville City Directory would indicate to the public that an employee of Nopco resides at the address of the Sales Manager's home. No reference to Nopco can be found in the Charlottesville yellow pages. The telephone is listed privately in the Sales Manager's name with no reference to Nopco. The Sales Manager's card identifies him as an employee of Nopco but makes no reference to a Charlottesville address or phone number.

In support of its contention that venue will lie as to Nopco in the Western District of Virginia, the plaintiff

argues that the office in the home of this Regional Sales Manager constitutes a regular and established place of business of the defendant corporation.

Unlike the general venue provisions found in 28 U.S.C. § 1391(c), the special venue provisions of § 1400(b) are not to be liberally construed. *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957); *Stonite Co.* v. *Melvin Lloyd Co.*, 315 U.S. 561 (1942); *Brevel Products Corp.* v. *H. and B. American Corp.*, 202 F. Supp. 824 (S.D. N.Y. 1962). Recently, in *Schnell* v. *Peter Eckrich & Sons*, 365 U.S. 260 (1961), the Supreme Court again emphasized that § 1400(b) is to be construed restrictively. It said at p. 262:

> . . . Congress adopted the predecessor to § 1400(b) as a special venue statute in patent infringement actions to eliminate the "abuses engendered" by previous venue provisions allowing such suits to be brought in any district in which the defendant could be served. [Citation omitted] The act was designed "to define the exact jurisdiction of the . . . courts in these matters," . . . and not to "dovetail with the general [venue] provisions" . . . As late as 1957 we have held § 1400(b) to be "the sole and exclusive provision controlling venue in patent infringement actions." *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222, 229 (1957).

The defendant points to the fact that inconsequential as the office in the basement of Nopco's Sales Manager's home may be, it is sufficient for Nopco's purposes in that it allows a home base from which a substantial amount of sales activity is supervised. Having concluded that business of the corporation is carried on in the place, it then reasons that the permanence of this man's home gives rise to a place of business which is both regular and established. This logic, for all its internal integrity, misses the mark. The facts in this case establish the existence of a physical

location where an employee of Nopco carries on part of his work. They do not establish a place of business of the defendant corporation. The distinction is fundamental and, in view of the restrictive interpretation to be given § 1400(b), controlling.

As the court pointed out in *Brevel Products Corp.* v. *H. and B. American Corp.*, 202 F. Supp. 824 (S.D.N.Y. 1962) at p. 827:

> An essential prerequisite for a finding of venue in cases of this sort is that the defendant actually maintains, in the words of the statute, "a regular and established place of business" within the district. This "place of business" can be a branch office (*Patent Royalties Corp.* v. *Land O' Lakes Creameries*, 11 F. Supp. 103 (E.D.N.Y. 1935)), a sales showroom (*Shelton* v. *Schwartz*, 131 F.2d 805 (7th Cir. 1942)), or a warehouse or distribution center (*Federal Electric Products Co.* v. *Frank Adams Electric Co.*, 100 F. Supp. 8 (S.D.N.Y. 1951)). But it must be maintained and paid for by the defendant. The mere fact that the defendant hires a sales representative who in turn rents offices to sell defendant's products is insufficient. *Kay v. J.F.D. Mfg. Co.*, 261 F.2d 95 (5th Cir. 1958);
> . . .

Similarly, where a salesman of a corporation operates out of his home using his home as an office, and designates it as such on his business card, at least two courts have refused to find that the home was a regular and established place of business of the corporation by which the salesman was employed. *Gould* v. *Cornelius Co.*, 258 F. Supp. 701 (N.D. Okla. 1966); *Railex Corp.* v. *White Machine Co.*, 243 F. Supp. 381 (E.D.N.Y. 1965). In both of those cases, as in the present case, the corporation owned no interest in the home and in no way contributed to its maintenance.

Relevant also is a statement by the court in *Mastantuono* v. *Jacobsen Manufacturing Co.*, 184 F. Supp. 178 (S.D.N.Y.

1960) where the court reasoned at p. 180 that to confer venue:

> It must appear that a defendant is regularly engaged in carrying on a substantial part of its ordinary business on a permanent basis in a physical location within the district over which it exercises some measure of control.

The physical location in one's home at which one carries out a portion of one's duties connected with one's employment is generally not a physical location over which the employer exercises some measure of control. That is precisely the situation here. Not only did Nopco not exercise control over the work carried on by its Sales Manager in the basement of his home, but furthermore, it had no knowledge of the existence of this office.

Quite different were the facts in *Watsco, Incorporated* v. *Henry Valve Co.*, 232 F. Supp. 38 (S.D.N.Y. 1964) and *Stieqele* v. *Jacques Kreisler Manufacturing Co.*, 213 F. Supp. 494 (S.D.N.Y. 1962) upon which Cyanamid relies. In each of these cases the defendant corporation had leased an office, however small, and exercised substantial control over its operation. The work to be performed at the office and the duties assigned to each of the personnel were prescribed by the corporation. The office in each of these cases was established by the corporation and staffed by the corporation to accomplish its purposes. There is no analogy to the present case where the office was established by the employee in his own home to suit his own needs.

Plaintiff, in the alternative, has urged that Nopco, by standing behind the accused product with an indemnification agreement to its customer, Quality Feeds, a resident of this district, has waived venue and has consented to suit. Even where a corporate defendant has undertaken the defense of a patent infringement action brought against one of its customers, the strictures of § 1400(b) prevent

a waiver of venue. *Schnell* v. *Peter Eckrich & Sons, Inc.*, 365 U.S. 260 (1961); *The Dow Chemical Co.* v. *Melton Corp.*, 281 F.2d 292 (4th Cir. 1960). Consequently, I must reject the contention that Nopco has waived its objection to venue by agreeing to hold Quality Feeds harmless.

As venue does not properly lie as to Nopco in the Western District of Virginia and as Nopco can not be said to have waived venue, the complaint must be dismissed as to it. An order will be entered accordingly.

THOMAS J. MICHIE
United States District Judge

March 10, 1967.

GENERAL FEDERAL CLAIMS

	1789		
JURISDICTIONAL		(U. S. or alien, a party or diversity. Over $500. No express provisions for jurisdiction over federal claims prior to 1875, *Tennessee* v. *Union*, 152 U.S. 454)	
VENUE	Defendant an inhabitant or defendant found at time of serving the writ		
PATENTS		**1793**	**1819-1870**
JURISDICTIONAL		In the Circuit Court or any other Court having competent jurisdiction	Re-enacts concurrent jurisdiction
VENUE			
CITATION	Sec. 11 1 Stat. 79	Sec. 5 1 Stat. 318	Sec. 1 3 Stat. 481 Sec. 14 5 Stat. 117 Sec. 55 16 Stat. 198

or diversity. Over $500. s for jurisdiction over to 1875, *Tennessee* v. 2 U.S. 454)	1873 Defendant an inhabitant or defendant found at time of serving the writ	1875 Circuit Courts concurrent with States . . . over $500 Defendant an inhabitant or defendant found at time of serving such process	1887 Circuits Courts concurrent with States . . . over $2,000 Defendant an inhabitant	Corrects er repe Defend
1819-1870 Re-enacts concurrent jurisdiction	**1873** Original Jurisdiction in the Circuit Courts Courts of the United States . . . exclusive of the courts of several states			
Sec. 1 3 Stat. 481 Sec. 14 5 Stat. 117 Sec. 55 16 Stat. 198	Sec. 739 Revised Statutes Sec. 629 (9) Sec. 711 Revised Statutes	Sec. 1 18 Stat. 470	Sec. 1 24 Stat. 552	2

	1888		1911	1948	1966
h	Corrects enrollment of 1887 Act repeats provisions		District Courts original jurisdiction . . . over $3,000	Original jurisdiction . . . over $3,000 (raised to $10,000 in 1958)	
	Defendant an inhabitant		Defendant an inhabitant	All defendants reside except as otherwise provided by law	All defendants reside or in which the claim arose except as otherwise provided by law
		1897	1911	1948	
			District Courts original jurisdiction . . . all suits under patent laws Courts of the United States . . . exclusive of the Courts of the several States . . .	District Courts . . . Original and Exclusive	
		Defendant an inhabitant or acts of infringement and a regular and established place of business	Re-enacted 1897 Act	Defendant resides or acts of infringement and regular and established place of business	
	Sec. 1 25 Stat. 433	Chap. 395 29 Stat. 695	Sec. 24(1) 36 Stat. 1091 Sec. 50 36 Stat. 1101 Sec. 24(7) Sec. 256 36 Stat. 1160 Sec. 48 36 Stat. 1100	62 Stat. 930 28 USC § 1331 62 Stat. 935 28 U.S.C. § 1338(a) 28 U.S.C. § 1400(b)	80 Stat. 1111 28 U.S.C. § 1391(b)

SUPREME COURT, U. S.

MAY 25 196

JOHN F. DAVIS, CL

IN THE

Supreme Court of the United States

October Term, 1967

No. 1360

AMERICAN CYANAMID COMPANY,
Petitioner,

v.

NOPCO CHEMICAL COMPANY,
Respondent.

RESPONDENT'S BRIEF OPPOSING PETITION FOR WRIT OF CERTIORARI

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May 24, 1968

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IN THE

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AMERICAN CYANAMID COMPANY,

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Respondent.

RESPONDENT'S BRIEF OPPOSING PETITION FOR WRIT OF CERTIORARI

The petition presents no sound reason why the Writ should be granted.

There is no conflict between the decisions of any Courts of Appeals. There is no Federal question which has been decided in a way in conflict with any decision of this Court. And there has been no departure from the accepted and usual course of judicial proceedings.

The present case is one of three patent suits filed respectively in the Western District of Virginia, in the Dis-

trict of New Jersey and in the Eastern District of Virginia, presenting the same issue as between the parties here.

The case in the *Western* District of Virginia was dismissed below by the District Court (Hon. Thomas J. Michie) and affirmed by the unanimous Court of Appeals for the Fourth Circuit, for failure to meet the rudimentary requirements of patent venue.

The decisions below were right, and there is no sound reason why this Court should grant the Writ.

Opinions Below

The opinion of the District Court for the Western District of Virginia is reported at 268 F.Supp. 506 and is printed in Petitioner's Appendix B at page 25a.

The unanimous opinion of the Court of Appeals for the Fourth Circuit is reported at 388 F.2d 818 and is printed in Petitioner's Appendix B at page 19a.

Restatement of Statutes Involved

The statutory provisions here involved are:

Title 28 United States Code

§1391 Venue Generally

(a) A civil action wherein jurisdiction is founded only on diversity of citizenship may, except as otherwise provided by law, be brought only in the judicial district where all plaintiffs or all defendants reside, or in which the claim arose.

(b) A civil action wherein jurisdiction is not founded solely on diversity of citizenship may be brought only in the judicial district where all defendants reside, or in which the claim arose, except as otherwise provided by law.

(c) A corporation may be sued in any judicial district in which it is incorporated or licensed to do business or is doing business, and such judicial district shall be regarded as the residence of such corporation for venue purposes.

(d) An alien may be sued in any district.

§1400 Patents and Copyrights

(b) Any civil action for patent infringement may be brought in the judicial district where the defendant resides, or where defendant has committed acts of infringement and has a regular and established place of business.

Restatement of the Case

Petitioner's statement of the case is incomplete. The facts are:

There is no alien in the present case.

Petitioner Cyanamid is a corporation of the State of Maine with its executive offices in Wayne, New Jersey—a few miles from the Federal Courthouse in Newark.

Respondent Nopco was a corporation of the State of New Jersey with its executive offices in Newark—a few blocks from the Federal Courthouse.

Petitioner Cyanamid commenced the present case for alleged infringement of its Jukes patent, against respondent Nopco and a customer, by filing a complaint in the *Western* District of Virginia on December 14, 1966. Copy of the complaint and summons was sent by mail to respondent Nopco in Newark, New Jersey. No service was attempted in Virginia.

Respondent Nopco had no property or facility in Virginia. It did not have a postal box or even a telephone in Virginia.

On December 30, 1966 respondent Nopco commenced an action in the U.S. District Court in Newark, New Jersey, against petitioner Cyanamid seeking a declaratory judgment that the Jukes patent and four other Cyanamid patents were invalid and not infringed. A second cause of action requested damages for unfair competition.

The docket entries for the New Jersey action, as certified by the Clerk, are printed in the appendix to this brief.

On February 21, 1967 petitioner Cyanamid filed a counterclaim in the New Jersey action affirmatively pleading that the Jukes patent was infringed by respondent Nopco.

In February and March 1967 both parties engaged in voluminous activity in the New Jersey action including the taking of many depositions, and the submission and answering of many interrogatories and requests for admissions. See the appendix hereto at pages A1-7.

On March 10, 1967 the District Court in the *Western* District of Virginia (Hon. Thomas J. Michie) rendered

its opinion dismissing Nopco from the present case for lack of venue. The Court found that Nopco had no "real or personal property * * * no office, manufacturing facility, warehouse or other storage facility, * * * no bank account, address (Post Office box or otherwise), or telephone listing within this district" (Pet. App. 26a).

The claim of Jukes patent infringement was tried by the District Court for the District of New Jersey (Hon. Anthony Augelli) on March 28 and 29, 1967 in a separate trial under Federal Rule 42(b). The parties offered the testimony of 10 witnesses and approximately 80 exhibits into evidence. Thereafter the parties submitted lengthy briefs and proposed findings.

On May 1, 1967 respondent Nopco was merged into the Diamond Alkali Company and the caption of the New Jersey action was amended to reflect the change.

On May 1, 1967 petitioner Cyanamid filed a new suit (civil action no. 5252) against Nopco, as a division of Diamond Alkali, in the *Eastern* District of Virginia. It charged the same infringement of the same Jukes patent by the same acts that had been tried on the merits in the separate plenary trial before Judge Augelli in New Jersey six weeks before.

On June 26, 1967 the New Jersey court granted Nopco's motion to restrain petitioner Cyanamid from prosecution of its new suit in the *Eastern* District of Virginia (App. A7).

Except for the dismissal of respondent Nopco for lack of venue, the instant case in the Western District of Virginia has been substantially dormant.

On January 11, 1968, the Court of Appeals unanimously affirmed the dismissal of respondent Nopco from the case in the Western District of Virginia for lack of venue under the patent venue statute, 28 U.S.C. 1400(b). The petition seeks review of that judgment.

Argument

Question Presented

The only question presented in the instant case is whether the Court of Appeals was right in unanimously affirming that a patent owner, desiring to sue an alleged domestic infringer, must at least meet the requirements of the patent venue statute, 28 U.S.C. 1400(b).

The same question has been considered and answered in the affirmative by this Court at least three times since 1942, and was restated and approved by this Court for the fourth time in *Pure Oil Co.* v. *Suarez,* 384 U.S. 202 (1966). It is well settled.

Petitioner's claim of patent infringement has been actively placed in issue and is *sub judice* in New Jersey, the home district of both parties. Thus, there is no reason of national interest, or of interest to the litigants, for this Court to devote time to the replowing of old ground by reviewing the dormant case dismissed below.

The First Reason Given for Granting the Writ is Inapposite

As its first reason, the petition argues at pages 6-9 that in affirming dismissal of the present case against Nopco for lack of patent venue the Court of Appeals below gave excessive weight to this Court's statements in *Schnell* v. *Peter Eckrich & Sons,* 365 U.S. 260 (1961). The petition alleges that by so doing, the Court of Appeals below brought itself "squarely in conflict" with two recent District Court decisions and the actual state of the law.

Actually, however, the decision of the Court of Appeals below on the only question in the case, i.e. venue in a patent suit against a domestic infringer, such as respondent Nopco, is in full accord with the so-called "conflicting" District Court decisions as well as with *Schnell* and with decisions of this Court before and after *Schnell.*

Schnell was a suit for patent infringement in Indiana against an Illinois corporation. This Court held that the suit was properly dismissed for lack of venue under the special patent venue statute, 28 U.S.C. 1400(b), stating:

> "As is pointed out in the cases, Congress adopted the predecessor to §1400(b) as a special venue statute in patent infringement actions to eliminate the 'abuses engendered' by previous venue provisions allowing such suits to be brought in any district in which the defendant could be served. *Stonite Products Co.* v. *Melvin Lloyd Co.,* 315 U.S. 561, 62 S.Ct. 780, 86 L.Ed. 1026. The Act was designed 'to define the exact jurisdiction of the * * * courts in these matters,' 315 U.S. at page 565, note 5, 62 S.Ct. at page 782, and not to

'dovetail with the general [venue] provisions.'" (page 262)

The *Schnell* case was decided in 1961. The *Stonite* case,* referred to in *Schnell* above, was decided in 1942. There, too, the patent suit was against an alleged domestic infringer, a Pennsylvania corporation. This Court considered the legislative history and intent of the general venue statute and special patent venue statute at length and held that the two did not dovetail.

This Court again reviewed the matter in a patent suit against a domestic infringer, with the same result, in *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957). There the accused domestic infringer was a West Virginia corporation.

Thus, the rule that a patent owner must at least meet the requirements of the special patent venue statute in a patent suit against a domestic alleged infringer, as decided by the Court of Appeals below with respect to respondent Nopco, already has been reviewed and established by this Court at least three times.

Indeed, the two so-called "conflicting" District Court opinions and the text writing, cited in the petition, are in accord.

Olin Mathieson Chemical Corp. v. *Molins Organizations, Limited*, 261 F.Supp. 436 (E.D.Va. 1966) was a patent suit filed in Virginia against an alien, i.e. an English corporation, that did not reside or have a place of business in any

* *Stonite Products Co.* v. *Melvin Lloyd Co.*, 315 U. S. 561 (1942).

judicial district within the United States. The question was whether it could be sued under the alien venue statute:

> "An alien may be sued in any district." (28 U.S.C. 1391(d))

Judge Butzner, then the District Judge, held that aliens could be sued for patent infringement under the alien venue statute. However, as to domestic infringers, the court stated that the special patent statute of Section 1400(b) controlled:

> "Title 28 U.S.C. 1400(b) exclusively determines venue for patent infringement proceedings against domestic defendants. [citing this Court's decisions in *Stonite, Fourco* and *Pure Oil*]." (page 440)*

The comments in *Moore's Federal Practice* (Second Edition) section 0.142[6], cited in the petition at page 8, also have to do with suits against aliens under the special statute concerned with aliens, i.e. 28 U.S.C. 1391(d).

The second so-called "conflicting" District Court case cited in the petition is similar. In *Chas. Pfizer & Co.* v. *Laboratori Pro-Ter Prodotti Therapeutici*, 278 F.Supp. 148 (S.D.N.Y. 1967), Judge Mansfield held that a patent suit was proper against an alien Italian corporation under the alien venue statute, i.e. 28 U.S.C. 1391(d). However, as to suits against domestic alleged infringers, such as respondent Nopco, Judge Mansfield's view was in exact accord with the decisions below in the present case. He stated:

> "As applied to suits against domestic corporations, there were sound reasons supporting the Supreme

* Judge Butzner, now a Circuit Judge, joined in the unanimous decision of the Court of Appeals below in the present case.

Court rationale of Congressional intent as to the relationship between §1400(b) and §1391(c). In enacting §1400(b) Congress was proceeding on the assumption that jurisdiction could always be acquired over a domestic infringer in *some* federal district in the United States. Hardship, inconvenience and additional expense might be visited upon a defendant, however, if it were required to respond in *any* district where it infringed rather than in the district where it resided or had a regular and established place of business. Congress therefore limited a plaintiff to suit in the latter district. The effect of holding §1400(b) exclusive in suits against a domestic corporation, therefore, has not been to deny the plaintiff relief but merely to require that he seek relief in a prescribed district." (pages 151-2, orig. emph.)

Thus, the point already has been carefully reviewed many times by this Court. It is well settled among the lower Federal courts. Patent suits against alleged domestic infringers, such as respondent Nopco, must meet the requirements of the special patent venue statute of 28 U.S.C. 1400(b).*

Indeed, in its own Memorandum of Law submitted to the District Court below on January 25, 1967, petitioner Cyanamid agreed:

"Venue in patent cases is governed by 28 U.S.C. 1400(b)." (page 1)

---

* *E.g., General Radio Co.* v. *Superior Elec. Co.*, 293 F.2d 949 (1st Cir. 1961); *Moore* v. *Coats Co.*, 270 F.2d 410 (3rd Cir. 1959); *Holub Indus., Inc.* v. *Wyche*, 290 F.2d 852 (4th Cir. 1961); *Kay* v. *J. F. D. Manuf. Co.*, 261 F.2d 95 (5th Cir. 1958); *Johnson & Johnson* v. *Picard*, 282 F.2d 386 (6th Cir. 1960); *Knapp-Monarch Co.* v. *Casco Prod. Corp.*, 342 F.2d 622 (7th Cir. 1965); *Up-Right, Inc.* v. *Aluminum Safety Prod., Inc.*, 165 F. Supp. 742 (D.Minn. 1958); *Scaramucci* v. *FMC Corp.*, 258 F.Supp. 598 (W.D.Okla. 1966).

Reason 2 Begs the Question

Beginning at page 9, the petition states that the "plain words" of 28 U.S.C. 1391(b), as amended in November 1966, make its "terms" applicable to patent actions and that the legislative history material states it is intended to apply to "all civil actions". Therefore, the petition concludes, the decision below is contrary to the general venue statute itself.

Such argument begs the question.

The general venue statute, Section 1391, always had general terms and words. Both before and after the 1966 amendment, it was entitled "venue generally" and it referred to "a civil action" without defining the actions to which the statute applied.

The actions to which the general statute applied were left unaffected by the 1966 amendment. The amendment enlarged the number of *fora* by adding the six words—"or in which the claim arose"—but those words have nothing to do with the actions to which the statute applied. The amendment's legislative history material similarly was general. No mention was made of actions for patent infringement.

The argument that such general words and terms are inclusive of actions for patent infringement already has been reviewed and dismissed by this Court with respect to sub-section (c) of the same general statute in *Fourco Glass Co.* v. *Transmirra Products Corp.*, 353 U.S. 222 (1957). There, this Court rejected the same argument as follows:

> "The main thrust of respondents' argument is that §1391(c) is clear and unambiguous and that its terms include all actions—including patent infringement actions—against corporations, and, therefore, that the statute should be read with, and as supplementing, §1400(b) in patent infringement actions. That argument is not persuasive, as it merely points up the question and does nothing to answer it. For it will be seen that §1400(b) is equally clear and, also, that it deals specially and specifically with venue in patent infringement actions." (page 228)

Moreover, in the 1966 amendment Congress preserved intact the previous language in both 1391(a) and 1391(b)—"except as otherwise provided by law".

The phrase—"except as otherwise provided by law"—was first introduced into Section 1391 in the 1948 revision of the Judicial Code. The contemporaneous commentary of Professor Moore, a special consultant on the revision, makes clear that the phrase was inserted to limit the application of the general venue provision to just those civil actions for which there are no special venue statutes. Indeed, Moore gave patent suits as an example of the type of action excluded. *Moore, Commentary on the U.S. Judicial Code* 177 (1949) states:

> "The 'except as otherwise provided by law' clause, * * *, as related to diversity cases refers to the special venue provided for statutory interpleader and the stockholder's derivative action. And the clause as related to non-diversity cases refers to any special venue statute governing a particular federal type of action, *as for example, a suit for patent infringement.*" (emph. ours)

In the latest edition, fifteen years later, Moore's treatise emphasizes the point. It prefaces the above statement with the sentence:

> "Excepted from the general venue provisions are the numerous special venue provisions, some of which are contained in the Code." 1 *Moore, Federal Practice* ¶0.141[3] at 1415 (2d ed. 1964).

The lower Federal courts have had no difficulty with the matter. See, e.g. *Goldlawr, Inc.* v. *Shubert,* 169 F.Supp. 677, 680 (E.D.Pa. 1958):

> "By its express terms §1391(b) does not apply where a different law provides otherwise."

There is nothing to the contrary in this Court's recent opinion in *Pure Oil Co.* v. *Suarez,* 384 U.S. 202 (1966), a case cited in the petition. Petitioner's reliance thereon is misplaced.

In *Pure Oil,* the Court held that the general venue requirements of 28 U.S.C. 1391(c) can apply to actions under the Jones Act. This Court reviewed and compared the Jones Act history and intent with the special patent venue statute of 1400(b) and stated they had "quite a different history" (page 207). The controlling nature of 1400(b) in suits against alleged domestic patent infringers again was stated and approved (page 207).

Thus, *Pure Oil* v. *Suarez* represents the fourth time in recent years that this Court has manifested rejection of the basic contention presented in the petition.

Reason 3 Also is Inapposite

The essence of Reason 3 in the petition, page 11, is the contention that Congress at no time has ever enacted a special patent venue statute which was narrower than that in force for general federal question civil actions and no sound reasons can be advanced why patent venue should be narrower.

Here again the petition presents strained arguments based on suits against aliens. The present case is concerned, however, with a patent suit against respondent Nopco, a New Jersey corporation, a supposed domestic infringer.

The arguments in the petition fly in the face of the analysis of the history and purpose of the general venue and special patent venue statutes exhaustively stated in this Court's decisions in the *Stonite* case in 1942, the *Fourco* case in 1957 and the *Schnell* case in 1961. Those cases were concerned with domestic patent infringers.

With respect to the notion that "no sound reasons can be advanced" why patent venue should be and is narrower against domestic infringers, such notion is rebutted not only by this Court's opinions but also by the recent lower Federal court opinions relied on in the petition itself as we have noted above. See for example the quotation from Judge Mansfield's opinion in the *Pfizer* case at pages 9-10, *supra.*

At pages 11-13, the petition candidly reveals its desire to have this Court replow old ground. It argues that Mr. Justic Murphy's discussion in the *Stonite* case was incom-

plete because it did not include the analysis in Section 934 of *Robinson On Patents* (Boston 1890). The criticism is unjustified for at least two reasons. First, so far as pertinent, the Robinson comments say that the general venue statute may or *may not* apply to patent cases. Second, the Robinson comments were published in 1890, whereas the special patent venue statute on which Mr. Justice Murphy relied was not promulgated by Congress until 1897—7 years later.

Mr. Justice Murphy stated in *Stonite* that the Act of 1897

> was adopted to define the exact jurisdiction of the federal courts in actions to enforce patent rights and thus eliminate the uncertainty produced by the conflicting decisions * * * Congress did not intend the Act of 1897 to dovetail with the general provisions relating to the venue of civil suits, but rather that it alone should control venue in patent infringement proceedings." (pp. 565-6)

Despite the arguments to the contrary in the petition, Mr. Justice Murphy's statement is fully supported by the Congressional Record. During the debate on the bill, Congressman Mitchell, floor manager for the bill, stated:

> "Under the line of decisions which permit his being sued anywhere 'if found', this act [special patent venue] makes it easier for the defendant, and really *limits* to that extent the jurisdiction of the court;"
>
> * * *
>
> "The trouble has arisen in this matter that under the act of 1888 [general venue] some of the courts were uncertain whether or not the law did or did not apply

to patent cases, and therefore this *special bill relating to patents solely* has been brought up because of the indefiniteness and uncertainty arising from different constructions of the act of 1888 as applied to patent cases." (29 Cong. Rec. 1901) (emph. ours)

Petitioner Cyanamid in its third reason also is critical of another decision of this Court. It attempts to place itself in the company of Professor Moore by arguing that he, like it, once questioned the soundness of this Court's opinion in *Fourco*.

However, Professor Moore's comments on *Fourco* in 1 *Moore, Federal Practice* ¶0.144[9] at 1630-33 are inapplicable to Section 1391(b) on which the petition relies. Moore's comments were concerned with general venue Section 1391(c). As he expressed it, "[a]lthough legislative history shows that §1400 was intended to be an exclusive provision, it is also demonstrable that Congress intended §1391(c) to have a universal application." (*Id.* at 1632)

The Moore comments are not applicable to Section 1391(b) which always had and still contains the phrase "except as otherwise provided by law." No similar provision was contained in Section 1391(c). As we have already demonstrated, pages 12-13 *supra*, Professor Moore wrote that this phrase excludes suits for patent infringement.

Thus, the petition confuses the matter. It cites authorities and text writings on matters involving other statutes, such as 1391(c) on suits against corporations and 1391(d) on suits against aliens, as supposed support for the request

that this Court review the different statute of Section 1391(b). Moreover, the petition's own authorities are in accord with the decisions below on the actual matter here involved.

The petition's authorities show that a suit against an alleged domestic patent infringer, such as respondent Nopco, must meet the requirements of the special patent venue statute, 1400(b); and, this Court has said so not once but many times since 1942.

No useful purpose, beyond the interest of the litigants, would be served by still another review by this Court.

Forum Shopping

The argument presented in the petition on this subject is a strange one.

The petition states in the point heading on page 11 and in the discussion on pages 16-17 that "notorious forum shopping tactics now characteristic of patent litigation" could be reduced by giving wider play to the transfer power under 28 U.S.C. 1404 with wider venue provisions.

First, the argument is concerned with the tail rather than the dog. In the name of increasing the choice of *fora* available to a transferor court under 28 U.S.C. 1404, it would multiply the choice of *fora* available to a forum shopping patent owner.

Second, the petition argument is strange in the circumstances of the present case.

The present suit was brought in the Western District of Virginia against respondent Nopco and an alleged Virginia customer. Although Nopco had customers all over the United States and was a New Jersey corporation with its headquarters in Newark, a few blocks from the Federal Courthouse, and although Cyanamid's own executive offices were only a few miles away in Wayne, New Jersey, the suit was brought in Virginia where, as the courts below found, Nopco had no business facility whatever. Nopco does not even have a telephone in Virginia (Pet. App. 20a and 26a-28a).

Moreover, after the suit below was dismissed for lack of venue, and after the same claim of Jukes patent infringement was asserted by petitioner in its counterclaim against Nopco in the New Jersey declaratory action and submitted to separate trial there on the merits, petitioner filed still another suit asserting the same charge of Jukes patent infringement by the same acts of Nopco in the *Eastern* District of Virginia.

The courts below have effectively dealt with the situation. The New Jersey court (Hon. Anthony Augelli) has enjoined petitioner from proceeding with the action in the Eastern District of Virginia (page A7 *infra*), and the New Jersey court has the Jukes patent infringement claim *sub judice* after a separate trial (page A5 *infra*).

The petition seeks to turn the clock backwards. At page 5, the petition requests that this Court remand the present dormant case to the Western District of Virginia for the purpose of determining whether, in fact, a claim ever

did arise there. Forum shopping would not be discouraged; it would be encouraged.

In essence, the petition not only asks this Court to devote time to a review of the well-settled matter of venue in patent infringement suits, but also the petition, in effect, seeks duplication of judicial effort by the Western District of Virginia and the District of New Jersey. There is no compelling reason, of national importance or otherwise, for such a waste of judicial time.

Conclusion

The petition fails to show any reason which should move this Court to review the carefully considered unanimous decisions of the two tribunals below.

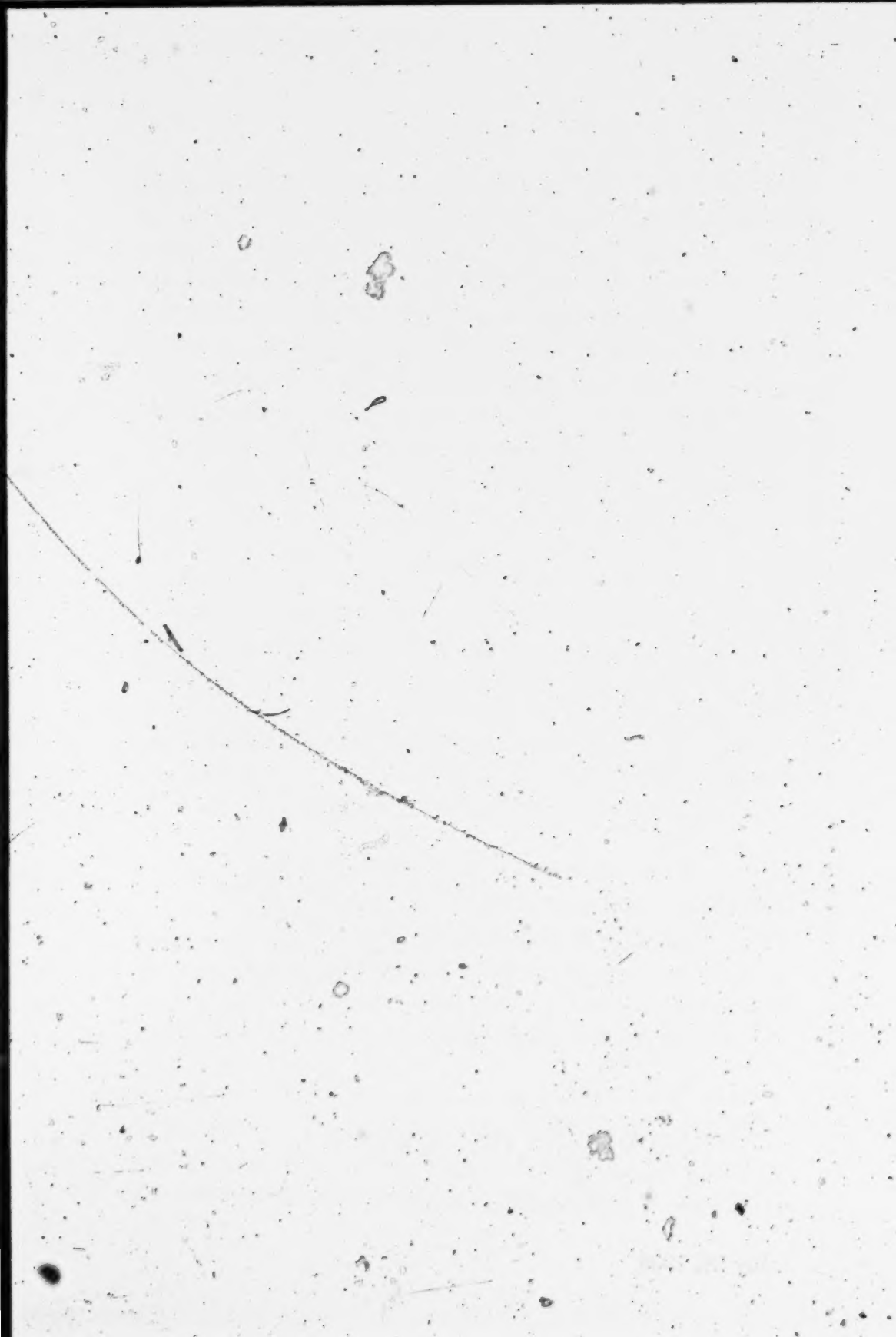
The petition is without merit and should be denied.

Respectfully submitted,

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May 24, 1968



Appendix

Docket entries of Civil Action No. 129-66, in the United States District Court for the District of New Jersey, originally entitled *Nopco Chemical Co.* v. *American Cyanamid Co.*, as amended to *Diamond Alkali Co.* v. *American Cyanamid Co.*, as certified by the Clerk of the Court.

Date	*Filings—Proceedings*
1- 3-67	Complaint filed 12-30-66.
1- 3-67	Summons issued.
1- 3-67	Notice of Allocation and Assignment filed. (Newark-Augelli)
1- 9-67	Plaintiff's motion for temporary injunction filed 1-6-67.
1- 9-67	Affidavit of Melvin Hochberg in support of plaintiff's motion for temporary injunction filed 1-6-67.
1- 9-67	Order fixing 1-16-67 for hearing on plaintiff's motion for preliminary injunction filed 1-6-67. (Augelli) Notice mailed.
1-12-67	Plaintiff's first set of interrogatories filed.
1-12-67	Affidavit of service of plaintiff's first set of interrogatories filed.
1-13-67	Defendant's notice to take deposition of Nopco Chemical Company filed 1-12-67.
1-19-67	Defendant's motion for summary judgment dismissing the First Claim set forth in paragraphs 3-20, inc., etc., filed 1-18-67. (Brief submitted)

Appendix

Date	*Filings—Proceedings*
1-19-67	Affidavits of James Edwin Archer et als in support of defendant's opposition to plaintiff's motion, and acknowledgment of service of copies of affidavits, memorandum and motion for summary judgment, etc., filed 1-18-67.
1-20-67	Depositions of Grady D. Ward and Melvin Hochberg taken on January 13, 1967, filed 1-19-67.
1-24-67	Hearing on plaintiff's motion for preliminary injunction. Counsel reported motion withdrawn. (Augelli) (1-20-67).
1-24-67	Ordered leave granted plaintiff to amend its complaint. (Augelli) (1-20-67)
1-24-67	Summons returned served on 1-11-67, filed.
2- 2-67	Plaintiff's notice to take depositions of James Edwin Archer, filed.
2- 2-67	Affidavit of service of copies of plaintiff's notice to take depositions of James Edwin Archer, filed.
2- 3-67	Amended Complaint and acknowledgment of service, filed 2-2-67.
2- 6-67	Defendant's Request for Admission, filed 2-3-67.
2- 7-67	Stipulation and Order extending defendant's time to answer plaintiff's First Set of Interrogatories to 2-20-67; extending time to answer amended complaint for 20 days filed 2-6-67. (Augelli) Notice mailed.

Date	*Filings—Proceedings*
2-15-67	Plaintiff's answers to defendant's requests for admissions, filed 2-14-67.
2-15-67	Affidavit of service of copies of plaintiff's answers to defendant's requests for admissions, filed 2-14-67.
2-20-67	Plaintiff's First Request for Admissions, filed 2-17-67.
2-20-67	Plaintiff's second set of interrogatories, filed 2-17-67.
2-20-67	Plaintiff's notice to take depositions of Max J. Harvey and J. M. Pensack, filed.
2-20-67	Affidavit of service of copies of plaintiff's notice to take depositions of Max J. Harvey and J. M. Pensack, filed.
2-21-67	Answers and objections of defendant, American Cyanamid Company to plaintiff's first set of interrogatories, filed 2-20-67.
2-23-67	Notice of motion and motion by defendant to transfer action to the Western District of Virginia, and acknowledgment of service, filed 2-21-67 (ret. 3-13-67). (Brief submitted)
2-23-67	Answer to amended complaint and counterclaim, filed 2-21-67.
2-23-67	Plaintiff's notice to take depositions of Milton A. Petty, Jr., filed.
2-23-67	Affidavit of service of copies of plaintiff's notice to take depositions of Milton A. Petty, Jr., filed.

Date	*Filings—Proceedings*
2-27-67	Plaintiff's notice to take depositions of E. L. R. Stokstad and Thomas H. Jukes, filed 2-24-67.
2-27-67	Affidavit of service of copies of plaintiff's notices to take depositions of E. L. R. Stokstadt, et al, filed 2-24-67.
2-27-67	Plaintiff's notice to take depositions of Edward J. Backus, filed.
2-27-67	Affidavit of service of copies of plaintiff's notice to take depositions of Edward J. Backus, filed.
2-28-67	Defendant's objections to plaintiff's second set of interrogatories, filed 2-27-67.
2-28-67	Defendant's answers to plaintiff's first request for admissions, filed 2-27-67.
3- 6-67	Defendant's second request for admissions, filed 3-3-67.
3- 7-67	Defendant's answers to plaintiff's second set of plaintiff's interrogatories Nos. 21, 22, 40 and 41, filed 3-6-67.
3- 9-67	Reply, filed 3-8-67.
3- 9-67	Affidavit of Jerome G. Lee in opposition to defendant's motion for transfer, filed 3-8-67.
3- 9-67	Affidavit of Melvin Hochberg in opposition to defendant's motion for transfer, filed 3-8-67.
3-13-67	Plaintiff's answer to Request for Admission as deemed resubmitted, filed.

Date	*Filings—Proceedings*
3-13-67	Defendant's admission subject to the protection of Rule 36, filed.
3-15-67	Deposition of Thomas Hughes Jukes taken on March 7, 1967, filed.
3-15-67	Plaintiff's answers to defendant's second request for admissions, filed.
3-16-67	Plaintiff's second request for admissions, filed 3-15-67.
3-27-67	Deposition of James Edwin Archer taken on February 8, 1967, filed 3-23-67.
3-27-67	Deposition of Delbert Slater taken on Feb. 23, 1967, filed 3-23-67.
3-27-67	Defendant's answers to plaintiff's second request for admissions, filed 3-23-67.
3-28-67	Deposition of E. L. R. Stokstad filed 3-27-67.
3-28-67	Continued Deposition of E. L. R. Stokstad filed 3-27-67.
3-31-67	Trial without Jury before Hon. Anthony T. Augelli (3-28-67). Trial adjourned to 3-29-67.
3-31-67	Trial continued: (3-29-67) Hearing on defendant's application for entry of judgment. Ordered application denied. Decision reserved.
4-12-67	Ordered hearing on defendant's motion to transfer action to the Western District of Virginia, adjourned without date. (Augelli) (4-10-67).

Date	*Filings—Proceedings*
5- 5-67	Transcript re settlement of motion held on Jan. 20, 1967, filed 5-4-67.
5- 9-67	Affidavit of service of copies of plaintiff's objections to certain portions of depositions, etc., filed.
5-26-67	Consent order amending title of action, filed 5-25-67 (Augelli) Notice mailed.
6- 2-67	Notice of motion and motion by plaintiff to restrain defendants from prosecuting or taking further steps in the Civil Action pending in the Eastern District of Virginia, filed 6-1-67 (ret. 6-26-67 (Brief submitted).
6- 2-67	Affidavit of service of copies of plaintiff's notice of motion and motion to restrain defendants from prosecution or taking further steps in the Civil Action pending in the Eastern District of Virginia, filed 6-1-67.
6- 2-67	Affidavit of Melvin Hochberg in support of motion to enjoin prosecution, filed 6-1-67.
6- 2-67	Affidavit of George B. Finnegan, Jr. in support of motion to enjoin prosecution, filed 6-1-67.
6- 5-67	Transcript of hearing re preliminary injunction, filed 6-2-67.
6- 5-67	Defendant's notice of motion for transfer of action to Western District of Virginia and affidavit of service filed 6-3-67. (Ret. 6-26-67) (Brief submitted).

Appendix

Date	*Filings—Proceedings*
6-26-67	Affidavit of Jerome G. Lee in support of motion to enjoin The New Richmond action and in opposition to Cyanamid's motion to transfer the present case to Charlottesville, filed 6-23-67.
6-28-67	Hearing on plaintiff's motion to restrain defendants from prosecuting or taking further steps in the Civil action pending in the Eastern District of Virginia. Ordered motion granted. Order to be submitted. (Augelli) (6-26-67)
6-28-67	Hearing on defendant's motion for transfer of action to Western District of Virginia. Ordered motion denied. Order to be submitted. (Augelli) (6-26-67)
7- 7-67	Order denying defendant's motion to transfer action to Western District of Virginia, filed 7-6-67 (Augelli) Notice mailed.
7- 7-67	Order granting plaintiff's motion to restrain defendants from prosecuting or taking further steps in the Civil Action pending in the Eastern District of Virginia, filed 7-6-67 (Augelli) Notice mailed.
8-22-67	Transcript of hearings held 6-26-67 filed 8-21-67.
9-14-67	Transcript of testimony, filed 9-13-67 (2 Vols.)

I hereby certify that the foregoing is a TRUE COPY of the original on file in my office.

MICHAEL KELLER, JR., Clerk
Per Mary C. Dehmer, Deputy

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1967

No. 1360

AMERICAN CYANAMID COMPANY, *Petitioner*,

v.

NOPCO CHEMICAL COMPANY, *Respondent*.

PETITIONER'S REPLY TO RESPONDENT'S BRIEF

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v.

NOPCO CHEMICAL COMPANY, *Respondent.*

PETITIONER'S REPLY TO RESPONDENT'S BRIEF

---

1. Re Conflict of Decisions:

The point of the Petition for Certiorari is this:

Does the statement of this Court in *Schnell* v. *Peter Eckrich & Sons,* 365 U.S. 260, 262 (1961):

> "[28 U.S.C. § 1400(b) is] the sole and exclusive provision controlling venue in patent infringement actions."

mean what it says, literally, or is the *Fourco* decision [1] on which the statement is based authority only for its holding?

The uncertainty on this point in the lower Federal courts has led to the following situation:

a. The *holding,* namely, that the definition of "residence" of corporate defendants in 28 U.S.C. § 1391(c)

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[1] *Fourco Glass Co.* v. *Transmirra Corp.,* 353 U.S. 222 (1957).

is not applicable when venue is controlled by 28 U.S.C. § 1400(b), is *universally accepted.* But no question of applicability of § 1391(c) is here involved.

b. The *literal reach* of the statement has been *accepted* in the Seventh Circuit in *Coulter Electronics, Inc.* v. *A. B. Lars Ljungberg & Co.,* 376 F. 2d 743 (7 Cir. 1967) and, therefore, 28 U.S.C. § 1391(d) has been held inapplicable to aliens in patent infringement cases. This decision is thus (i) a reversal of the state of the law before the 1948 revision of Title 28 and therefore contrary to the rationale of that revision *and* to this Court's view of that rationale stated in *Fourco* at 353 U.S. 222, 225-228; (ii) in head-on conflict with the well-reasoned and deliberately-adopted views of two District Courts in different circuits, *Olin Mathieson Chemical Corp.* v. *Molins Organizations, Ltd.,* 261 F. Supp. 436 (E. D. Va. 1966) and *Chas. Pfizer & Co.* v. *Laboratori Pro-Ter Prodotti Therapeutici,* 278 F. Supp. 148 (S.D. N.Y. 1967). That is to say, District (now Circuit) Judge Butzner and District Judge Mansfield *reject* the *literal reach* of the statement.

But only the literal reach of the statement is here involved. As to that matter there is clear and present conflict and the last sentence (Petition Appendix, p. 23a) of the opinion of the Fourth Circuit here sought to be reviewed seems to Petitioner to be tantamount to an invitation by that Court to this Court to undertake such a review.

2. The Actual Posture of This Particular Controversy:

a. Petitioner's civil action in the Western District of Virginia from which this Petition stems is (i) the first case involving the subject matter filed against

Respondent; (ii) Respondent was duly served under Virginia's long-arm statute by substituted service on the Secretary of the Commonwealth at Richmond and Respondent has not contested the efficacy of that service; (iii) the other defendant is a Virginia corporation as to which venue and service is unchallenged and the action is "dormant" only because District Judge Michie, to whom the case was assigned, has become physically incapacitated and no successor has been appointed, so that his only active colleague is grossly overloaded.

b. The later-filed action brought by Respondent in New Jersey is (i) wholly redundant of the earlier Virginia action in that it presents no issue that is not, or could not be, raised in Virginia; (ii) the New Jersey court has refused expressly to interfere in any way with the progress of the Western District of Virginia case; (iii) the only issue that has been tried "on the merits" in New Jersey is a specially framed, limited question of infringement, based on an assumption for its limited purpose that the patent is valid and not to be determinative of all aspects even of the question of infringement. Even should the decision now reserved by the New Jersey judge be announced in Respondent's favor, it may not dispose of the infringement issue posed in Virginia by the derivative acts of Respondent's customer and co-defendant there.

3. Stonite[2], Fourco[1], Schnell[3], and Pure Oil[4] in Proper Perspective:

Stonite was decided in 1942, six years before the adoption of the 1948 positive enactment, as a codifica-

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[2] *Stonite Co.* v. *Melvin Lloyd Co.*, 315 U.S. 561 (1942).

[3] *Schnell* v. *Peter Eckrich & Sons, supra.*

[4] *Pure Oil Co.* v. *Suarez*, 384 U.S. 202 (1966).

tion and revision of the Judicial Code of 1911, of Title 28, U.S. Code. What it decided was that the multi-district States exception provided by § 52 of the 1911 Code to the stringency of the general Federal question venue limitation, § 51 of the 1911 Code, was not applicable to cases governed by the special patent venue, § 48 of the 1911 Code. In reaching this result, § 48 was wrongfully construed as a deliberate narrowing of patent venue when, in fact, it was the deliberate creation of a special venue substantially wider than that applicable to Federal question actions generally.

In *Fourco* it was held that in simultaneously enacting 28 U.S.C. § 1391(c) and 28 U.S.C. § 1400(b) Congress was also confirming the nonapplicability to patent infringement actions of exceptions to general venue stringency which this Court had announced in *Stonite*.

In *Schnell* a question of waiver of venue was presented, and in this case, it is respectfully submitted, this Court reiterated a sweeping dictum from *Fourco* which we have already shown cannot properly stand on its literal terms because of 28 U.S.C. § 1391(d).[5]

In *Pure Oil* the interrelationship of general and special Federal venue provisions was presented for decision, free and clear of *Stonite* and *Fourco* and *Schnell*, because it was a Jones Act case, not a patent

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[5] Counsel for Respondent apparently agree. See *Thomson Industries, Inc.* v. *Nippon Thomson Co., Ltd.*, — F. Supp. —, 156 U.S.P.Q. 626 (S.D. N.Y. 1967) where Respondent's counsel succeeded in holding a Japanese corporation in New York in a patent infringement action on venue laid under 28 U.S.C. § 1391(d). To avoid a logical dilemma, therefore, Respondent's counsel now conjure up a distinction about 28 U.S.C. § 1400(b), namely, that it was intended only for domestic defendants. Nothing specific in its language and nothing in the discussions of this Court about it support this distinction. The lower Federal courts are, as we have shown, in conflict on this point.

action. This Court then announced the common-sense rationale that subsequent general venue provisions *broadening* prior provisions would be applied to *enlarge* preexisting special venue provisions of intermediate scope, absent a special policy to the contrary. In so doing it overruled the reliance by the Fifth Circuit on *Fourco* on the grounds that the Congress had manifested a patent policy by enacting the 1897 special patent venue, namely, to confine patent actions to a *narrower* venue than general Federal question actions.

In so interpreting the 1897 act, we respectfully submit, this Court was repeating an error in the analysis and comparison of Federal venue enactments, patent and general, first made by it in *Stonite*.

4. "Except as Otherwise Provided by Law —":

A moment's reflection suffices to show that the language of exception in 28 U.S.C. § 1391(a) and (b), to wit, "except as otherwise provided by law", modifies "only". Thus, under 28 U.S.C. § 1391(b), as enacted in 1948 (Petition Appendix, p. 11a), a Federal question action generally could be commenced "only in the judicial district where all defendants reside", a very narrow provision. A departure from it was necessary to accommodate broadening provisions elsewhere in the law, for example, for patent, copyright, and anti-trust actions. The cited language of exception was therefore provided to prevent the "only" from narrowing the various broader special venue statutes. Had the "only" been omitted from 28 U.S.C. § 1391(b) in 1948, then "except as otherwise provided by law" would logically have had to be omitted as well, for there is no instance whatsoever of an action which cannot be brought in the district where all the defendants reside.

5. The Legislative History in 1897:

Congressman Mitchell, quoted on page 15 of Respondent's Brief, was quite right. The general venue act of 1888 (repeating in material part that of 1887, see Petition Appendix, p. 3a) was, as the Court below noted (Petition Appendix, p. 21a), an example of "unfortunate draftsmanship." In wrestling with its application to patent actions, the courts had, as the Congressman observed, come up with different constructions of that act.

One line of decisions rejected the limitation on patent venue altogether and permitted patent actions wherever the defendant could be found. Under this line of decisions, the 1897 act (28 U.S.C. § 1400(b) in substance, see Petition Appendix p. 9a) was a limitation. But under the other line of decisions, applying the 1888 act rigorously (28 U.S.C. § 1391(b) as in 1948 in substance), the 1897 act was distinctly an extension. This is especially so if individual, as opposed to corporate, defendants are considered. The general venue statute was limited to a single district, that of their residence; the patent venue reached to as many districts as might contain regular and established places of business of theirs and had a "long arm" provision, now 28 U.S.C. § 1694, permitting service on their agent conducting that business.

Truly, in 1897 Congress made the policy decision that patent litigation required a broader venue than general Federal question venue and there is no basis to engraft onto the clear language of 28 U.S.C. § 1391(b), as amended in 1966, any restriction removing patent actions from its general reach.

The rationale of *Pure Oil* should prevail over the historical error of *Stonite*. Respondent has no vested

interest in that error and only this Court can appropriately correct it. Confusion and useless contention over patent venue can be expected to flourish and multiply until this Court acts.

CONCLUSION

Respondent has failed to weaken the grounds upon which Petitioner rests this Petition and IT SHOULD BE GRANTED.

Respectfully submitted,

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